

# IT'S TIME TO MAKE THE PRECISION DECISION

Because it was good enough yesterday, doesn't mean that it's good enough today. See the full range of new Precision colour-co-ordinated office furniture at your office equipment specialist.



**AHI Precision**

Made in New Zealand by Precision Engineering Company  
CHRISTCHURCH — WELLINGTON — AUCKLAND — SYDNEY — BRISBANE

## NATIONAL BUSINESS REVIEW

incorporating Admark

cents

**THE WEEK**  
IHC gaming card fund-raising scheme needs Government approval — Page 3.  
Boeing deal brings no joy to South Islanders — Page 5.

**COMMENT**  
Editorial, Without word of a lie, what's the view — Page 6.  
Graham Butlerworth maintains that national politics threaten to swamp Maori cause and Duncan Campbell finds that aviation policy jumps through political hoops — Page 7.  
Letters to the editor — Page 8.

**POLITICS**  
Parliament's official opening shows up two empty seats — Page 9.

**ECONOMY**  
Something is going on outside Wellington that has implications for our centralised form of economic decision-making — Page 11.

**RETAILING**  
Which ever way the Government sales tax goes on records, music buffs receive hammering — Page 12.

**INDUSTRIAL RELATIONS**  
FOL conference draws out a fear of the shift toward "free enterprise" — Page 13.

**O'BRIEN ON BUSINESS**  
Forecasting errors compound fiscal policy problems — Page 14.  
Philosophy of science is being applied to accounting — Page 15.

**INTERNATIONAL AFFAIRS**  
No-one outside Chile wants to know its seemingly invincible military ruler, General Augusto Pinochet — Page 17.

**ADMARK**  
Newspaper group drops the distinction between national and retail advertising for commission purposes — Page 18.

**REGIONAL DEVELOPMENT**  
Task force advises Cabinet to commit itself to regional planning — Page 19.

**SPECIAL FEATURE**  
A critique of the Government's last strategy from 1973-79 — Pages 20, 21 and 23.

**BUSINESS CONFIDENCE**  
Opinion survey contains bad news for people expecting a decline in interest rates — Page 23.

**HEALTH**  
The politics of cancer becomes a balancing act between extremist views — Page 24.

**CONSTRUCTION INDUSTRY**  
Cement firm's profit slide provides concrete proof of construction industry recession — Page 25.

**SCIENCE AND TECHNOLOGY**  
Expert's work on exotic plant begins to bear fruit — Page 26.

**PLASTICS**  
INZ conference takes productive approach — Page 27.  
Local manufacturers supply essential export componentry — Page 28.

**TRANSPORT**  
IC data extension allows breathing space — Page 29.  
Polyethylene production becomes possible through Peewee proposal — Page 30.

**TRANSPORT**  
Constant port competition leads to over-investment — Page 31.

### NZFP-UEB merger heads off into giant corporation league

by Peter V O'Brien

A MERGER of NZ Forest Products and UEB Industries would create a company of significant size even by United States standards.

While the combined group would fall outside the top 500 US corporations, in terms of total profit it would come within the next 100.

The 500th largest US company classified by profit figures in 1979 was ARA Services with \$52.6 million.

The combined profit of UEB and NZFP last year was \$30,274,000, on total sales of \$506 million. Both figures are below the 500th US company, which had sales of \$904 million, but the New Zealand companies in the year to March 31, 1980 should report a significant increase in both amounts.

The prolonged strike at Kinleith complicates an assessment of Forest Products' profit for the year just ended, but most analysts consider the group would earn between \$30 and \$35 million without account-

ing for any strike losses.

UEB earned \$10 million for the same period. Half year profit was about 35 percent higher than the corresponding period of the previous year, at \$3,897,000.

With a \$10 million profit for UEB and a "real" \$35 million for Forest Products, the combined figure is \$45 million, pushing a merged group to the international corporate ladder.

Size is only one element of a merged group. It also involves a considerable vertical and horizontal integration of the fibre packaging industries, as well as causing complications in other industries.

UEB is Forest Products' largest customer. A merger of the two companies would dominate the market in fibre boxes and paper bags, from growing the basic raw material (trees) to providing the finished products for industrial, commercial and consumer packaging.

The widely diversified activities of both companies could create problems in deciding on the appropriate form of merger.

UEB acquired Trans Holdings Ltd last year. Trans is a substantial operator in all sections of the tourist industry. Forest Products owns 85 percent of Russell and Somers Ltd, whose activities include travel agencies as well as shipping interests and iron and steel merchandising.

A further complication arises from the composition of a board of directors if a merger takes place.

Forest Products owns 28.5 percent of Nissan Datsun Holdings, Datsun franchise operators.

The chairman of UEB Industries, Lyn Papps is chairman of New Zealand Motor Corporation, and an interesting situation would arise if Papps went onto the board of a combined company, because NZMC assembles Honda cars in New Zealand.

Continued on Page 16

### Road user charges: truckies ready to defy law

by Rae Mazengarb

THE road user charges system — introduced more than two years ago — is ranking some sections of the transport industry to the point of open revolt against the law.

The Road Transport Association is looking long-term toward a fuel-related tax and is working to smooth the administration of the Road User Charges Act.

But some factions within the industry are openly advocating a campaign of "civil disobedience".

The Tauranga-based carriers' group Progress — which claims to have the support of "some of the biggest trucking firms in the country" — is to take its case for the abolition of the road user charges system to Customs Minister Hugh Templeton at the weekend.

If the outcome did not satisfy them, the group would take protest action, said secretary Peter Rae.

He emphasised that members did not want to upset the authorities — but if that was the only way to point out the plight of transport firms under the present system, direct action would be taken.

It would probably involve a massive convoy of trucks taking a slow trip to Wellington — "definitely legal", Rae said.

Progress — the Public Road Operators' General Rail Efficiency Seeking Society — was formed late last year.

It is not at odds with the RTA, and many of its members belong to both organisations. But it is prepared to "go a lot further" than the industry body.

Another unidentified group has recently begun advocating more extreme measures — some definitely illegal.

A "confidential" letter from that group — which has found its way to the RTA and to Government authorities — suggests the Ministry of Works Road Tax Computer "is under extreme pressure at present" and outlines 10 tips

to "help the situation as far as we are concerned."

The tips range from the extreme — "inadvertently" changing hubodometers with similar readings, misplacing figures on hubodometer serial numbers or vehicle registration plates, fitting "phantom" or toy axles — to defending every prosecution in full.

The author argues: "The sense of defeat is contagious", but suggests: "As the quarrel is entirely with the Government... in no way should any action be taken that would upset or cause inconvenience to customers."

The RTA is concerned about maintaining a consistent approach to the problem, rather than have a fragmentation of interests which could lead to an "unfortunate backlash" on the industry.

Association executives point out the Ministry of Transport has a copy of the circular and is more likely to be "more heavy handed" if operators infringe the points on that list.

Some industry sources say they know who is behind this latest bid to undermine the system, but they are not prepared to say who.

It has been suggested that the circular originated in the South Island.

From the standpoint of the RTA, however, the effort involves only about three people, and the association is not aware of any strong support for their ideas.

Progress says it has nothing to do with this latest group, but agrees that its aims are "Initially the same as ours".

Asked if there was a campaign of civil disobedience under way, Rae said: "No doubt about it at all, especially in the North Island."

The road user charges system is "easily cheatable", he said.

Progress has already presented the Government with two hubodometers, both with identical serial numbers, and its own list of a dozen methods of cheating the system.

Progress also has an illegally-printed distance licence.

A committee member of Progress said: "Anyone can run them off".

"The apparent acceptance of road user charges could well be due to improved evasion, and the fact that the general level of enforcement has gone down", he said.

He described the system as "a most ill-conceived, but bureaucratically devised thing" (the legislation is enforced by the Ministry of Transport, the

forms are processed by the Ministry of Works and Development and the money is collected by the Post Office). And he claimed that at least two operators had been ruined as a direct result of the system.

"Practically every export industry uses heavy transport," he said. "Road transport" is used by the

Continued on Page 5



Discover the world's finest taste in cigarettes.

Benson & Hedges  
Special Filter

Created and perfected by  
the House of Benson & Hedges



## Stoppage tactics

THE FOL is planning to impose nationwide stoppages unless the Government agrees to grant an immediate cost-of-living increase. Those tactics emerged from the annual conference and include a call for meetings of workers, pensioners and beneficiaries throughout the country. At the international level, conference delegates resolved to consider imposing a trade ban on South Africa (editorial - Page 6).

INVESTIGATIONS into the hydro-electric potential of major catchments will be extended to include a study of the lower Clutha River.

DEPUTY Prime Minister Brian Talboys represented New Zealand at the funeral of Yugoslavia's President Tito. After attending the funeral he flew to Bonn and Rome to air concern over proposals put

before the EEC for a sheep-meat regime.

AUSTRALIAN plans for a further air-link with New Zealand are still subject to negotiations. The private domestic carrier Ansett Airlines is seeking approval to fly a route from Tasmania to New Zealand without a Government subsidy.

AIR New Zealand signed a \$2.5 million contract with the Malaysian Airline System to continue to overhaul the General Electric engines of the Malaysian airline's DC-10s for the next three years.

THE Law Society plans to spend about \$130,000 to advertise its lawyers and the profession and to educate the public. The advertising campaign will be seen in the form of full-page and large display advertisements in newspapers.

THE wholesale price of coal from State Coal Mines was

increased. The maximum wholesale price of State coal went up by an average of 14.6 per cent. The increase will vary according to the grade of coal involved. Rising costs of production and the need to maintain the profitability of the State Coal Mines were cited by the Energy Ministry as the reasons for the hike.

WATTIES Industries Ltd's annual report was chosen from 81 entries to win the New Zealand Society of Accountants' 1980 award for public companies which encourage the use of objective and valid measures of company performance and significant economic and social contributions to the country.

A CUSTOMS officer was alleged to have accepted a \$25,000 bribe made by a man suspected of smuggling goods into the country worth up to \$500,000. The allegation is being investigated.

THE Agrodome in Rotorua, an agricultural display centre which attracted 400,000 tourists last season and has a yearly turnover of \$1 million, was destroyed by fire.

## The business week

Challenge Finance Ltd changed its name to Broadlands Finance Ltd following the merger of the Broadlands Dominion Group Ltd and Challenge Finance Corporation Ltd.

DRG (NZ) Ltd appointed George Pearce as director. Ebbett Walkato Group Ltd reported an unaudited net profit of \$39,176 for the half-year to January 31 (\$101,381 same period the previous year). An interim dividend of 4.5c is payable on May 23.

Arthur Ellis Holdings Ltd reported an unaudited net loss of \$784,000 for the half-year to December 31 (\$340,000 profit same period the previous year).

Europa Oil NZ Ltd reported an unaudited tax-paid profit of \$4.8 million for the year to December 31. (\$4.4 million the previous year).

Leyland Investments Ltd reported an unaudited tax-paid profit of \$48,823 for the half-year to March 31. (\$38,706 same period last year). An interim dividend of 5c is payable on May 31. New Zealand Motor Corporation Ltd purchased all the shares in Group Rentals NZ Ltd.

Placer Developments Ltd reported consolidated net earnings of \$26,470,000 or \$2.24 per share for the quarter-year to March 31. (\$11,459,000, or 95c per share, for same period last year).

Transvision Holdings Ltd reported an audited tax-paid profit of \$859,517 for the year to March 31. (\$404,639 last year). A final dividend of 10 per cent is payable on July 9. UEB Industries Ltd conducted discussions with Forest Products over a merger.

Auckland Gas Co Ltd reported an unaudited tax-paid profit of \$578,000 for the year to March 31. (\$444,000 last year). A final dividend of 7.5c is payable on August 1.

Brother Distributors Ltd appointed Graham Williamson to the Board.

Swan Brewery Company Ltd reported an unaudited tax-paid profit of \$A12,211 for the year to March 29 (\$A15,524 last year). Final dividends of 3 per cent on preference shares and 6c on issued ordinary shares are payable June 12.

## The week ahead

Monday: China's Vice-Premier Li Xiannian arrives for a week-long official visit.

A live-company Scottish trade mission will visit until May 16.

Canada's Minister of State for Trade Ed Lumley arrives on a four-day official visit.

The first joint conference of

Australian and New Zealand foresters begins in Rotorua.

Tuesday: Trade and Industry Minister Lance Gossage will address the Wellington Planning Authority. Fowler will address a lecture held by the Planning Strategy Group. The Blue Heron Motel in Wellington, from 12pm.

Wednesday: National selects candidates for the change by-election.

Thursday: The 1980 New Zealand Parliament is opened.

Friday: The Otago South and Canterbury divisions of the New Party's annual conference.

## Exchange rates

As at May 8 1980

Australia  
Britain  
Canada  
Fiji  
Japan  
West Germany  
United States

Austria  
Belgium  
China  
Denmark  
France  
Greece  
Hong Kong  
India  
Italy  
Malaysia  
Netherlands  
New Caledonia  
Norway  
Pakistan  
Papua-New Guinea

Portugal  
Singapore  
South Africa  
Spain  
Sri Lanka  
Sweden  
Switzerland  
Western Samoa

on appl.

on appl.

## Herbicide makes polish image

by Belinda Gillespie

IVON Watkins-Dow, makers of agricultural chemicals, has been making an all-out effort to improve the image of its major and most controversial product, 245-T.

To counter the mounting of a campaign against the herbicide by the environmental group, Friends of the Earth, the company hired the Wellington-based public relations firm, Consultus, to add muscle to its own attempts to make 245-T the weedkiller that everybody wants.

And it took the unusual action of inviting opponents of the herbicide to talk to shareholders at the company's recent annual meeting.

After that meeting, a four-person panel debated the pros and cons of 245-T.

The company has had a public relations person on its staff since the 1930s.

Current PR officer Rosalene Newman's job is staff communications - "I wasn't employed to fight the 245-T battle," she said.

Ivon Watkins-Dow's budget for publicity had to be increased to meet public concern over 245-T, Newman said, although she was unable to give a definite figure.

It will be in the order of

tens of thousands - certainly not more than \$100,000," said, "certainly not hundreds of thousands, or a million, some publicity has been cut."

Tony Farrington, Consultus, said his firm has some doubts when it is proached by Ivon Watkins-Dow directors.

"We came to the conclusion that they have a defective product," he said.

Consultus is working on a full programme for its client.

"So far we've been keeping up with consultants," came on the scene last week. Friends of the Earth said their campaign.

Ivon Watkins-Dow was an ideal client - forward thinking, takes advice, and has publicly agreed to take a product off the market if it is proved to be harmful," said.

The chemical company has been actively trying to point across to the public some years and Farrington said much of the information sent out in the form of technical papers, missed the mark.

He said Consultus' job was one of breaking down the barrier into laypeople's terms.

First example - "Don't be a wolf when there is a sheep."

derived from the *London* - a prestigious British journal - was sent out to insert in the company's report.

# IHC fund-raising scheme needs Govt okay

by Warren Berryman

PLANS to raise \$1 million or more for the Society for the Intellectually Handicapped Children using a simple gaming card have stalled while the Department of Internal Affairs decides if the game falls under the house regulations or the Gaming and Lotteries Act.

The Internal Affairs Department, which oversees the Golden Kiwi lottery, has been pondering the legality of Avago poker, pool, and house cards for about two years without coming to a conclusion.

After raising \$30,000 with Avago house cards in Auckland as a pilot scheme, the IHC wants to go national with the card.

But first it wants the Parliamentary nod. Over recent weeks it has been lobbying Cabinet Ministers and MPs. A final decision is expected

to be made at Caucus level.

This year's Intellectually Handicapped Children budget will be about \$11 million. \$2 million of which will come from fund-raising.

The annual door-to-door appeal brought in \$897,000, leaving the society more than \$1 million short.

The Golden Kiwi contributes about \$40,000 a year to the IHC.

The Auckland pilot scheme showed that Avago cards have the potential to become the IHC's biggest fund-raiser as well as being far less time-consuming and labour-intensive than other fund-raising methods.

Avago cards - whether house or poker - have five lift-up tabs. Beneath these are letters which spell (or fail to spell) "house" or show a poker hand.

Players buy a card, tear up the tab, and if a winning hand

is shown, collect their winnings on the spot.

Keith Lawson, an Auckland businessman in the game and novelties line, picked up the Avago idea in Sydney four years ago and obtained rights to operate here for his company, Character Developments Ltd. The cards are printed by Auckland-based Promotional Prints Ltd.

Over the last two years the cards had been sold to the three major political parties, the Lions, the police for their Boystown appeal, office social clubs and sporting clubs, Lawson said.

The Avago house cards work like this: A club buys a box of 864 cards for \$28 and sells them to players for 50c each to yield \$432. Each box contains cards for 100 \$1 prizes, 25 \$2, 10 \$5, four \$10 prizes, 25 \$25 - totalling \$290 in prize money per box of cards.

One card in six is a prizewinner.

The profit per box is \$114.

Each card costs about 2c - less than an average business card.

There is a spin-off from the cards for another of Lawson's companies, the Happy Days Company, which will supply toys at wholesale as prizes.

Otherwise, Lawson's profit, comes only from selling the cards. He claims he has sold millions.

Lawson said he had a keen interest in sport and saw the cards as a good way of raising money for sporting and other groups.

He said he was ploughing some of his own profits back with contributions to sporting bodies like buying a surf life saving boat early this year for a sporting team, and sponsoring sporting tournaments.

The legal rub lies in two areas. The Internal Affairs Department has to decide which legislation - the house

regulations or the Gaming and Lotteries Act - covers the cards.

If they fall under the Gaming and Lotteries Act, the crucial question lies in the amount of prize money to be won. If the prize is under \$50 no police permit is required under that Act.

With Avago's poker cards selling at 10c each, the maximum prize is \$5 for a straight flush. But if the club involved wants to sell its cards for \$1 each the prize goes up to \$50 - a factor beyond Avago's control.

The house cards sell to punters for 50c each and the big prize is \$25. But the total prizes from a box of house cards is \$290 - over the \$50 limit.

From the legal point of view, it must be decided if one card or a box of cards constitutes a game.

But the \$50 limit need not apply if the Minister of Inter-

nal Affairs gives his approval to a society to conduct the game. With the Minister's signature, IHC can sell its house cards without having to obtain police approval in every town and throughout the country.

The IHC has 32 branches, and would like to avoid this hassle.

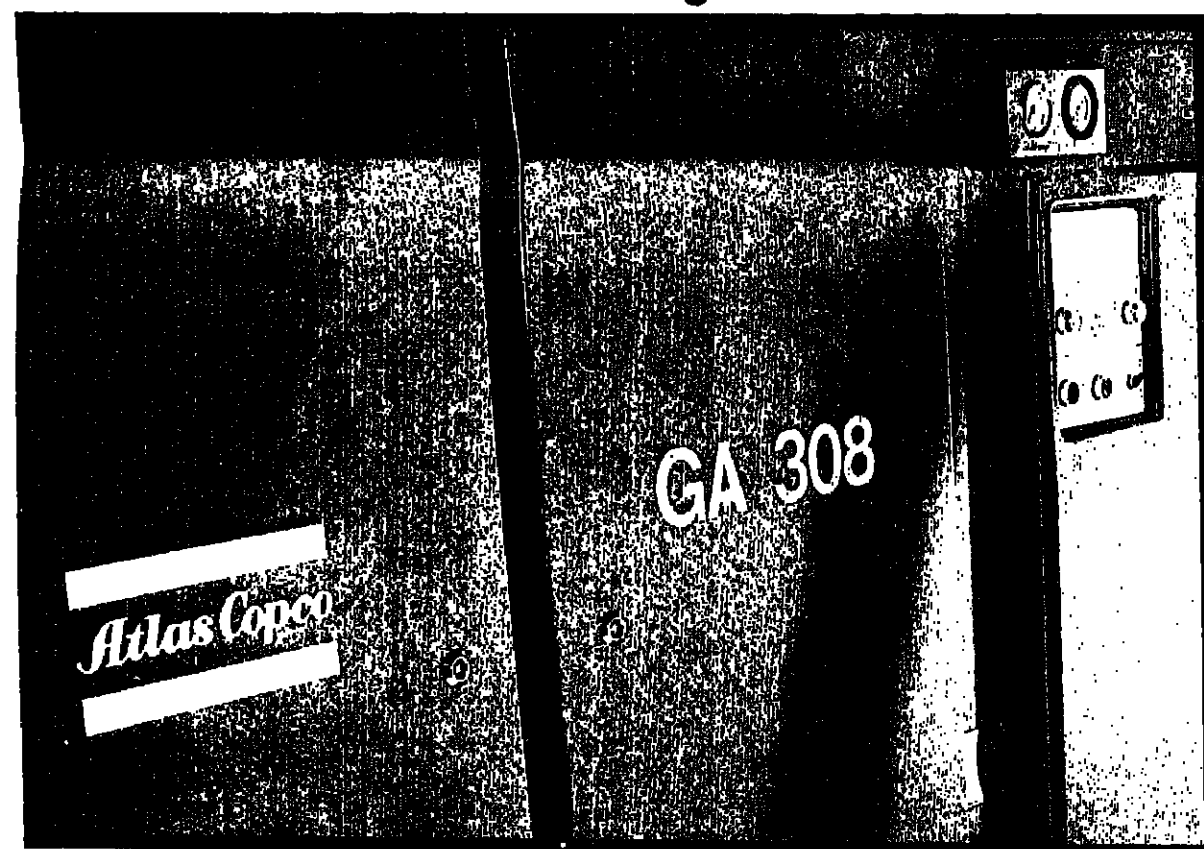
Lawson originally wanted to establish a charitable trust wherein all charities and sportsmen could draw on the Avago proceeds. The idea, he said, was to have notable and representatives of charitable bodies on the board of this trust.

The trust would employ salesmen to sell the cards and would distribute the proceeds.

That scheme had been shelved in favour of giving full support to the IHC, Lawson said.

So far the IHC has been the single biggest buyer of the cards, he said.

## The name behind this machine will never let you down!



Atlas Copco - the compressed air people - have a specialised force of 'tough tackling' servicemen, who stand right by their products. And they'll be there 24 hours a day, whenever you need them.

Atlas Copco

Atlas Copco - making air do the work!

ACB3

## Trading prosecutions

THE Government's efforts to punish Auckland's rebel Saturday traders is digging into taxpayers' pockets.

Retailers who have defied the law against Saturday trading are the subject of an estimated 700 prosecutions.

They are being encouraged by the Progressive Retailers Association to go for defended hearings, which will log-jam the courts for years.

When the first six cases came before the court last Monday, the Labour Department had to withdraw the charges and re-write the prosecution notices.

An estimated 600 prosecution notices will have to be re-written at the taxpayers' expense before prosecutions can proceed.

The retailers are out to in-

crease the number of prosecutions, by laying complaints against anyone thought to be breaking the Shop Trading Hours Act. These complaints are likely to be laid against anyone opening Saturdays, including dairies and garages.

The Shop Employees Union has laid most of the complaints against Saturday traders. Because the Labour Department acts on complaints, the enforcement of the law has been selective singling out of the ring-leaders of the rebellion.

By laying complaints, the retailers hope to stop the singling out of rebel-leaders for prosecution and generate so many prosecutions that the law will be shown to be unenforceable.

SAVE

# 35%

SUBSCRIBE TO  
NATIONAL BUSINESS  
REVIEW NOW.

When you subscribe to National Business Review you keep tabs - 48 weeks a year - on New Zealand politics, business, the money market, overseas trade, unions, transport and a score of other fields. The award-winning team of NBR journalists and correspondents - with their probing investigative features and first-with-the-news enterprise - have made National Business Review the liveliest, most-talked-about and most authoritative business, economic and political publication in New Zealand. News-stand price for National Business Review (\$36.00) and companion publication, NBR Outlook (the twice-yearly special devoted to detailed analysis of important national issues) is \$39.00. Subscribe now for just \$25.00 - and save 35 per cent.

National Business Review / NBR Outlook cover price \$39.00 subscription price \$25.00.

To take advantage of the NBR subscription offer, simply fill in the Fourth Estate Subscription Service coupon elsewhere in this issue.

## With the speed of construction and economies we've gained, we'd be crazy not to use Hi-bond steel flooring again.

Simply, Hi-bond is steel formed to hold poured concrete flooring, but unlike wooden boxing, it is not taken away after but bonds with the concrete permanently, reducing total structural steel requirements. Also due to its unique design, it carries all attachments for services and ceilings below it also eliminates all the traditional short spaced wooden supports needed for wooden boxing. Thus it is erected with incredible speed and provides immediate, safe work platforms for all trades. Ask your designer to check the following list of Hi-bond features. He'll appreciate Hi-bond's great advantages in speed and weight/cost efficiency.

- \* Speeds construction time. \* Reduces foundation deadweights. \* Frequently reduces floor thickness and weight. \* Minimises fire hazard, protects personnel.
- \* Improves rigidity - reduces weight/cost. \* Provides lateral bracing, tension reinforcing and diaphragm action. \* Lowers overall costs.
- \* No specialised skilled labour required.

For new Hi-bond brochure write to Dimond Industries Ltd, Box 430, Wellington. Hi-bond is manufactured by Dimond Industries and is distributed by Winstone Ltd.

# DIMOND HI-BOND

**DIMOND INDUSTRIES LIMITED**

Pioneered originally in America by Inland Ryerson, Hi-bond has now been incorporated in hundreds of thousands of buildings around the world, one of the latest in America being the new Sears Tower of 110 storeys in which over 3 million square feet of Hi-bond is incorporated. Many recent multi-storey buildings in New Zealand have incorporated Hi-bond in their construction also.

7346

# A boardroom exercise in lateral thinking.

The answer wasn't obvious. It took a bit of Lateral Thinking. When Swissair was confronted with the fuel crisis, they decided the best course of action was not to follow international airline trends.

Certainly not to cram more seats into the aircraft and cut back the in-flight service.

They just continued doing well what they have traditionally done.

And that was to provide passengers the most comfortable, spacious ride in the world.

They knew that passengers still wanted to travel in comfort and style.

Connect with Swissair at Singapore, Bangkok, Hong Kong, Jakarta or Manila on your next business trip to Europe.

You'll be delighted to discover the joy of what we call 'Swiss Class'.

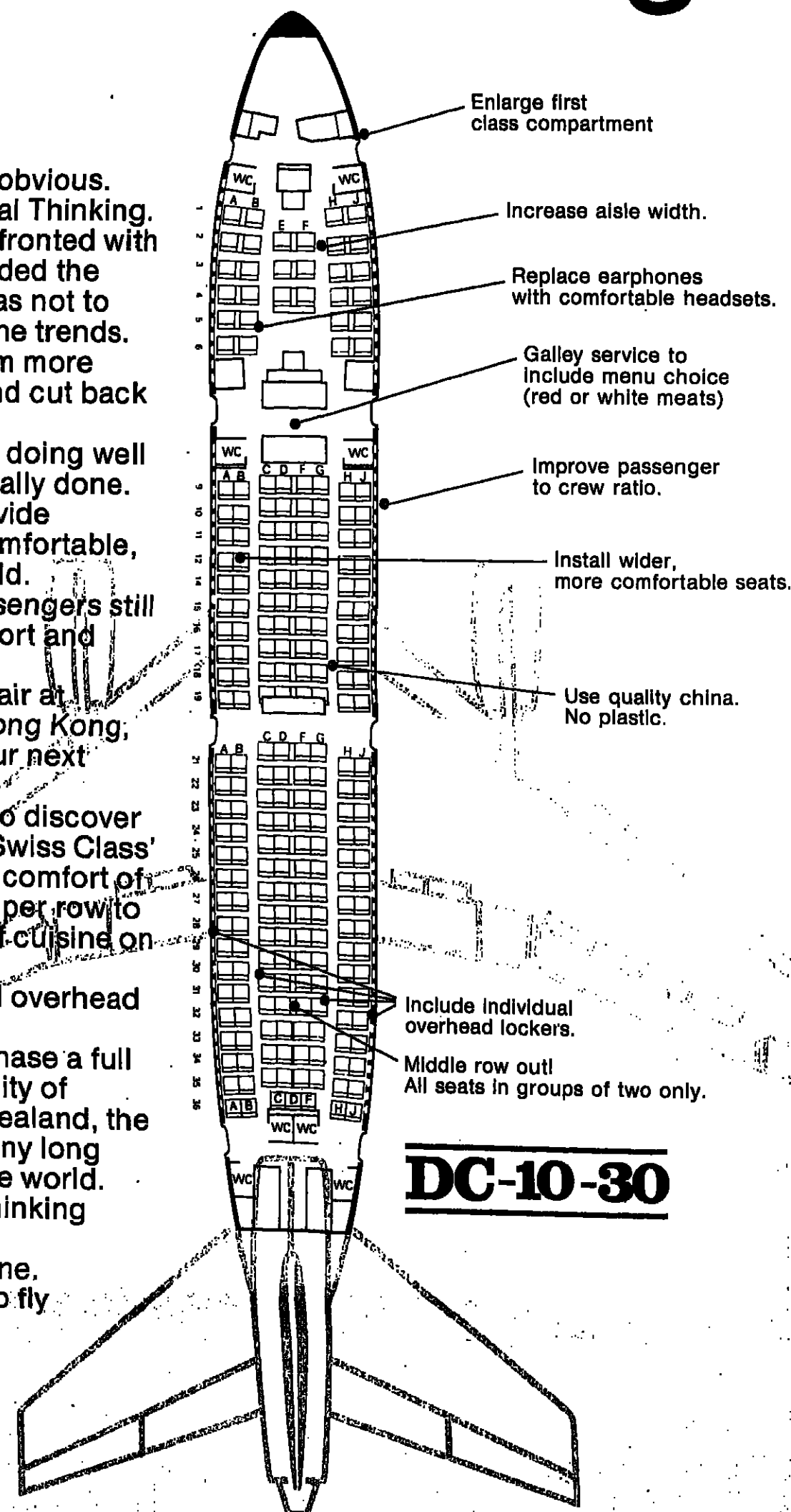
Everything from the comfort of flying with one less seat per row to being served a choice of cuisine on china plates.

Having an individual overhead locker.

And when you purchase a full fare ticket, the opportunity of reserving here in New Zealand, the seat of your choice on any long haul Swissair flight in the world.

Do a little Lateral Thinking yourself.

Don't fly on any airline. Make the decision to fly Swissair, 'Swiss Class'.



**DC-10-30**

**swissair**

1 Queen Street, Auckland. Phone 372-341

## The week

### No joy for South Island in Boeing deal

AIR New Zealand predicts major losses on long-haul service to the United States from centres outside Auckland.

The airline says it must achieve a load factor of 68 per cent to break even on its long-haul services, which all originate from Auckland.

Running trans-Pacific services from Wellington is a non-starter at the moment while the argument over Wellington's runway remains unresolved. But South Island interests have been pressing a case for more Christchurch traffic for a long time.

Air New Zealand has

defended its stand against Christchurch-originating flights on economic grounds.

It has run international flights to Fiji from both Wellington and Christchurch, but they have now been discontinued.

The airline's number two man, John Wisdom, told South Island Promotion Association delegates that diverting traffic from Auckland would cost big money.

"Any diversion away from the route pattern of most demand which diminishes that load factor (68 per cent)

by even 25 per cent would result in a loss of \$50,000 per annum per single service affected," he said.

Wisdom put the loss from introducing long-haul Pacific services from Wellington and Christchurch at \$5 million.

To South Island tourist interests, strapped for cash and short of tourist inflow, that might not seem an unacceptable price to pay to keep their business buoyant.

It is no coincidence that many people who advocate using Air New Zealand as an instrument of state tourist policy are South Island residents.

The Government is clear that whatever the arguments put forward about capacity and flight frequency, Air New Zealand will continue to operate as a commercial entity rather than as a means of developing tourism.

"We should not be asked to commit commercial suicide," Wisdom told SIPA delegates.

He said that in the conversion to Boeing 747s, the South Island would be the last to feel any reduction in flight frequency.

Air New Zealand runs 12 long-haul Pacific services a week, using its fleet of seven DC-10s.

By 1982 those DC-10s will have been replaced by five Boeing 747s. That will mean a daily service to Los Angeles from Auckland.

But the larger capacity of the jumbo will mean even more powerful economic arguments against originating flights from Christchurch.

According to Wisdom, buying Boeing will save Air New Zealand \$150 million in operating costs over the next 10 years.

"The 747 has a significantly lower seat/mile cost which offers Air New Zealand a 20 to 25 per cent saving on direct operating costs or a 10-12 per cent on total operating costs."

By 1990, Wisdom said, 10 Boeings would be doing the

work of 18 DC-10s.

"When it comes to fuel efficiency the 747 offers a ray of light in a seemingly dismal situation. At a conservative price of \$1.50 a gallon, the Boeing 747 will offer the company \$287 million in direct savings for that decade," Wisdom said.

Impressive-sounding figures have been quoted before, notably in relation to the merger of Air New Zealand and NAC. The public is still asking where the \$10 million worth of savings claimed for that move have gone.

Wisdom was careful not to claim any great reduction in fares or freight rates as a result of the Boeing deal.

### Government blows the froth off ALAC's budget

THE Alcoholic Liquor Advisory Council (ALAC) must take a 35 per cent cut in its planned budget and must be wondering about National's election manifesto promise that it would "continue to give ALAC strong support".

The council gets most of its funds from the alcoholic liquor fund - a levy set by the Minister of Justice on all alcoholic drinks consumed in New Zealand.

Last year, the levy turned into an embarrassingly large nest egg for the Government. Set at 0.21c per litre on beer, 3.7c per litre on spirits, 1.22c per litre on fortified wine, and 1c per litre on unfortified wine, it was expected to provide \$1.4 million.

But it yielded \$2,029 million. Interest and discounts brought total income to \$2,227 million.

In November 1979, according to ALAC, "it had become apparent from the

monthly receipts up to and including October 1979 that the income from levies was running almost 100 per cent higher than expected."

A Justice Department check showed that the pre-budget liquor buying spree had something to do with it, but "there were also some incorrect returns to Customs."

ALAC kept close to its 1979-80 budget of \$1.8 million, with a total expenditure of \$1,827 million.

Meanwhile the balance in the alcoholic liquor fund has risen to \$1,707 million.

The Minister of Justice had told the council in 1978 that the reserve funds "were to be used to ensure a stable levy over the next few years."

In 1979 the council was advised by the Ministers of Finance and Justice that it should plan expenditure for the next two years "on the assumption that... income from levies and interest would amount to

not less than \$1.5 million a year on average up to and including 1981/82."

In January this year ALAC applied for a budget of \$2.1 million "to meet a widening range of activities, particularly in the critical prevention fields, and to sustain on-going programmes and the demands of inflation."

The point was made that ALAC's work should eventually reduce public expenditure caused by alcohol abuse.

But the council was told in April that its budget for 1980/81 would be \$1.5 million, and that the levy on alcoholic drinks was to be reduced to give a total of \$0.600 million instead of the \$1.4 million as planned (that exceeded by \$0.827 million) the previous year - and anticipated again this year.

The remaining \$0.9 million was to be made up from reserves and interest.

The levy rates have been

substantially reduced on all drinks.

The levies are passed on to the consumer, and according to ALAC - the system has been widely viewed as a sensible application of the "user pays" principle.

In spite of a personal approach by ALAC chairman Sir Leonard Thornton to explain the effects of the cuts on the council's activities, and a request for a further allocation from the reserve fund, Prime Minister Rob Muldoon has not budged.

The Government told ALAC that it could expect "not less than \$1.5 million on average" for the next two years, and can point to budgets of the last two years set at \$1.5 million and \$1.8 million.

### Air NZ feelers to Feltex

TWO of the country's four major carpet manufacturers have now been offered a slice of the action in the off-set deal between Air New Zealand and Boeing.

Boeing must offset part of the purchase price by arranging markets for New Zealand products.

The thought of a guaranteed market and market entries from the giant Boeing Aircraft Corporation, plus the fat export incentives, is highly attractive to many New Zealand companies - specially when the market

centre is being paid for with taxpayers' money.

Among the first companies contacted by Air New Zealand was UFB Industries (NZR May 5). UFB makes carpet for Air New Zealand's DC-10s.

Subsequently - and perhaps after NZR started asking questions about taxonism and patronage - Feltex was approached. Feltex makes carpets for Air New Zealand's 737s.

Cavalier Carpets and Stevens-Bremner are still waiting to be asked if they want to bid for the off-set deal.

### Survey indicates successful evasion

continued from Page 1  
user charges are therefore a direct disincentive to export industries - completely contrary to the Government's avowed policy.

Progress recently undertook a survey of members to compile statistics for discussion with the Government.

The committee agreed to take a random sample of the survey results for NZR (without identifying the firms concerned).

The six-month survey period ran from March 31, 1979 to the end of September last year.

Firms were advised they need not identify themselves on the questionnaire where it was clear they had paid lower charges than they should.

Some operators said they had successfully evaded a portion of the charges. Others preferred to detail what they paid under the road-user charges system compared with what they had paid under the old system.

For example:  
Operator A paid \$14,958, when he should have paid \$2,076.

Operator B paid \$11,500 instead of an estimated \$15,000.

Operator C paid \$14,316. He should have paid \$17,186.

Operator D paid the required \$35,671 - but pointed out that under the old system, he would have paid \$12,600.

Operator E paid \$40,000. It would have been about \$10,000 under the old system. The company collected 91 convictions before reaching the point it could no longer pay. The fines were reduced to \$27,000 on appeal, but the business is now ruined after trading successfully for 30 years.

One operator said he had

paid more than \$78,000 in road user charges.

The questionnaire asked firms to indicate the percentage of goods they carried which were directly or indirectly associated with export industries.

Progress provided this random selection of answers: 75 per cent; 99 per cent; 100 per cent; 65 per cent; 80 per cent; 95 per cent; 75 per cent; 33 per cent direct or 67 per cent indirect; 40 per cent; 70 per cent; 100 per cent; 30 per cent; 2 per cent; 80 per cent; 40 per cent; 100 per cent; nil.

Replies to the question "What percentage of kilometers were run using a fully loaded vehicle?" indicated that most firms were paying tax on unproductive work.

When the charges were first introduced, it was suggested they would amount only to some 4 per cent of turnover.

Few who responded to the questionnaire - aside from a few town operators - achieved such a low figure.

Rather, proportion of turnover represented by the charges - again at random - was: 25 per cent; 16 per cent; 19.3 per cent; 6 per cent; 9.82 per cent; 8 per cent; 14 per cent; 6 per cent; 10.25 per cent; 16 per cent.

Rae said a fuel tax would be more acceptable to the majority of Progress members.

But as one dissident said: "It's not our duty to work out a better system."

Progress members - many of whom are not yet prepared to surface publicly - say that while the charges cause severe liquidity problems for industry members, "the people getting caught are the honest ones."

Managing director of TNL Ltd Garth Butler said, while not being a member of Progress, he was sympathetic to their cause.

"The road user tax is inequitable," he said, "as it has the greatest impact on the rural user."

He emphasised that he agreed with Progress's aims in principle, but his company would not countenance action which would cause inconvenience to customers.

"Refusing payments would make more sense - but it's up to the individual operator."

Butler believed a fuel tax was the fairest charge, and one that requires far less administration, than road user charges.

Last year TNL paid \$1.5 million in road user charges; this year - to June 30 1980, the company expects to pay \$2 million. On the old system the company would have paid about \$600,000 - but he pointed out, the company does receive some sort of compensation by way of a sizeable reduction in heavy vehicle sales tax.

But the RTA is not convinced that Progress has the support it claims.

RTA spokesman Max Barclay said Progress's aims and objects were basically parallel to those of the association, and therefore there was no issue.

But he suggested a fragmentation of interests at this stage was "less than desirable".

Meanwhile, an Auckland operator claims that, in some districts, heavy vehicles are operating without hubodometers at all - and have been doing so for weeks.

As for the hubodometers in use: "Anyone with half a brain can fiddle them," he confided.

Still looking  
for a  
Packaging Company  
to help you  
wrap up your  
packaging problems?

Turn to page  
Twenty Four....



## Editorial

COUNTRIES of all shades of political opinion — including the Communist countries — trade with Chile and reap the rewards.

But New Zealand stands alone and ignores that country's potentially lucrative market simply because the FOL — without reference to public opinion or consideration of our economic well-being — stubbornly imposes on all of us its own concept of morality.

Now that the precedent has been set, there can be no end to the FOL singling out countries for trade boycotts because it finds fault with their policies. Where does this sort of action end? Which country's policies will be the next to irritate the FOL to the point of its imposing a trade boycott that hurts New Zealand more than the target of its disapproval? It could be South Africa. It events last week are any indication.

New Zealand trades with many countries whose governments act in ways that the average New Zealander would consider improper, wrong or immoral. The Soviet Union is the world's major offender in denying its citizens personal freedoms, for example.

The Soviet Union is also becoming of major importance to New Zealand as a trading partner (which explains the Government's ambivalence in reacting to the invasion of Afghanistan).

No disgruntled visitors from the Soviet Union came to Wellington last week to address the FOL (no doubt they wouldn't be allowed out of the country). Instead, the trade union delegates heard from Isabel Allende (daughter of Chile's late Marxist Premier Salvador Allende) and exiled black South African trade unionist Zola Zembe. Both were given standing ovations after they spelled out how trade unions and unionists were suppressed in their countries.

The FOL was thus spurred to continue its trade ban on Chile. And the stirring speech by Zembe was enough to arouse the conference to calls from the floor for trade bans against South Africa, (although Zembe asked for neither a trade ban nor action on sporting contact with

South Africa).

Some prudent delegates persuaded their more passionate brothers that there were huge implications to such a ban, and elements of self-interest tempered the conference's stance before it committed itself to principles as lofty as bringing every possible weapon to bear against apartheid. Bill Anderson (Northern Drivers' Union) perceived tactical problems: Danny Nichols (Wellington Coachworkers) anticipated angry reaction from Government, importers and manufacturers and advocated educating the public; Pat Kelly (Wellington Cleaners' and Carpenters' Union) expressed concern for the jobs of New Zealand workers. Before banning Rothmans cigarettes, for example "there is the matter of about 400 tobacco workers who have to be considered," he said.

FOL president Jim Knox reaffirmed existing policy to urge insurance and other companies to withdraw investments from South Africa, but while appearing to be sympathetic about a trade ban, obviously had reservations: he wanted the resolution discussed with the unions themselves.

And so after considerable debate, the conference agreed to ask the national executive to "consider the implementation of a boycott" and resolved that the FOL's transport group of workers consider implementation of a ban.

The wording of the resolution, of course, gives the FOL an out. Chances are nothing will come of it. Certainly, the conference was not as enthusiastic about boycotting South Africa as it had been in responding to the call to continue the Chile trade ban.

Perhaps it recognised that sanctions don't work, and that whatever trade was lost to New Zealand would be picked up by some other country. Companies with the resources can circumvent a ban, anyway, as has happened with Chile.

Britain's shadow Chancellor of the Exchequer, Denis Healey — asked about economic sanctions against Iran — said recently there was

no evidence from history that sanctions would work. "I fear that sanctions will make the situation worse, not better," he said.

"They always tend to help extremists rather than the moderates in the country to which they are applied and to exacerbate feeling." And if sanctions didn't work, he asked, "what is the next step, and what is the step after that?"

That observation is being borne out by events in Iran.

American pressure on Iran was blamed by that country's Oil Minister Ali Akbar Moinefar for recent difficulties in negotiations with its main customers — BP, Royal Dutch Shell and 12 Japanese companies. So Iran began making arrangements to sell oil to Eastern Europe.

Rhodesia was not brought to its knees by trade sanctions, even though the whole world was supposed to be supporting the United Nations-endorsed boycott.

And despite what they say publicly, 49 African countries are involved in a largely covert trade with South Africa worth some \$1 billion a year.

The Australians lifted the ban on Chile in 1978. But the FOL conference that year stood firm (and won for New Zealand the distinction of being the only country in the world to observe the ban). But the ban has no formal support from either the Government or the public. And it is doing more damage to New Zealand than to the Pinochet regime, while attracting public resentment at the FOL's dictatorship. Our exports of \$19,377,000 to Chile in 1973 had dwindled to \$623,000 last year. Somebody else will be benefitting from the opportunities we ignore.

Our trade with South Africa is modest (exports last year were worth \$6,565,000; imports were worth \$10,176,000). If the trade is lost, it won't be the South Africans who are hurt.

There is no question that South Africa's blacks are shabbily treated under a repugnant system. Without some degree of outside intervention or pressure, that situation is unlikely to change markedly. But specific interventionist

targets are bound to be more successful than broad-brush imposition of a trade boycott on a country like New Zealand whose trade is negligible.

And before becoming unduly concerned about apartheid, the FOL would do well to consider the situation on the home front. The Maori, unable to lift himself from the bottom of the wages heap, and, on average, earns less than the white worker. The awakening of Maori consciousness is looming as a major social issue of the FOL, and the FOL should be playing a leading role in trying to elevate the lot of Maori workers.

In our Pacific backyard, similarly, we should be concerned to improve the conditions of workers in the small island states. But the only lukewarm support to the Pacific Industrial Development Scheme, recently first the threat to workers here of cheap labour from any industries set up in the islands.

The problem of South Africa is a political system provides channels through which national interest can be determined in the test of the problems we are trying to solve in another country. Through these channels, attitudes to sporting contacts with South Africa have changed markedly over the past decade. Government policies have been gradually hauled to keep abreast of the public mood.

The public, certainly, must have been drawn to the injustices that beset black African political systems, and last night debate certainly would have been different if that same public is to be affected by a South African, then it must be allowed a decision-making process. Unionists and their powers when they impose their will on the whole community. The outcome made fundamental to the FOL.

Continued threats of stoppages to increase and trade boycotts that reduce economy inevitably must lead to a hard-bitten public hostility.

## National politics threaten to swamp Maori cause

by Graham Butterworth

THE Northern Maori by-election is beginning to reveal a fine collection of ironies.

The first is that the Maori people's plight has already been overshadowed by the 'Onghunga' candidate, seeking endorsement from the Labour people against the Pakia Labour Party machine. The neat contest of a selfless Maori Labour Party is on its mettle to show that it still has the popular support to be the alternative Government.

Mr Rata, wily-nilly, has become an ally of the National Party and his cause has not been helped by that party's refusal to field a candidate in Northern Maori.

Maori Moutohake now faces the real danger that his crusade will be swallowed up by national politics. This, of course, is the whole point that it is trying to make — but to be the victim of it in its own carefully planned political gesture must be particularly galling.

For Rata personally, the whole process must have unpleasant reminders of his first electoral campaign, the 1983 by-election. Then he narrowly escaped defeat by a popular National Party candidate, James Heneare.

Heneare was an established tribal leader, his father had been MP for Northern Maori, he was a person of proven ability whose achievements included being a commander of the Maori Battalion.

As a political unknown, Rata's Labour Party and Rata's support just helped bring the victory.

The 1980 contest must seem like a re-run of that contest, though the factors have been reshuffled a little.

Rata's main opponent, Dr Gregory, can be described as the typically liberal professional that Labour has been selecting recently. But his father is a prominent elder. And Gregory has been president of the Tai Tokerau district Maori Council. Thus he must be seen as a candidate of the traditional Maori elders, Church of England supporters and, generally, the North Auckland communities which considered Rata neglected them.

He must inevitably be sure of the votes of all local Labour Party supporters.

His campaign appears likely to stress the two factors of over-riding concern to North Auckland, Maori youth and unemployment.

The campaign also promises a considerable washing of dirty political linen that must damage the image of the third Labour Government as a happy brand of brothers.

As a political newcomer, Gregory will benefit personally from the revelations that Rata, Whetu Tinkane-Sullivan and Koro Wetere are starting to make.

The Labour candidate in Onghunga could become the vicarious victim of a tarnished Labour Party.

When Rata first resigned from the Labour Party, I believed he had a good chance of

holding on to the seat. Yet he seems not to have capitalised on his advantages.

With his resignation from the Labour Party and now his consideration from Northern Maori have been considered precipitate and not done in a "Maori" way. That's a very damaging criticism for a man who claimed to stand for an assertion of Maori identity and values against the encroaching pakeha.

Traditional Maori society expected matters to be talked out before action was taken and the North Auckland elders hold they were not properly consulted.

Rata obviously hoped to bring together Maori traditionalists, the Rata Church and the urban activists. He appears to have failed with the North Auckland elders.

Against this is the fact that Rata still has some Rata's support. He visited Rata's Pa the night before he resigned and was accompanied to Parliament by senior members of the Rata Church.

It is another irony of the campaign that he is being opposed by Koro Wetere who for years was Rata's secretary and one of the inner circle of the Rata Church.

Moreover, as a sitting MP for over 10 years, Rata ought to have a record of purely personal support for the work he did for constituents. And the recent release of a new Labour Party Maori policy has undermined his point that only an independent could force changes on the pakeha political parties.

Finally, there is the whole question of the

support that the Maori activists can muster for him. He should be appealing to disillusioned Maoris, especially the young, who have been victims of the protracted recession.

Yet this last group is a hard one to organise politically, and it will be a real test of the organising ability of Mana Maori Moutohake.

For the first time it will be possible to gauge the real strength of these groups in Maori society, because until now they have avoided an electoral confrontation.

The last real contest in Maori seats occurred in the 1940s and every political commentator is now faced with the problem of making an assessment of relative strengths on very inadequate information.

Until after the election it will not really be possible to assess, for instance, the political weight of Hōhepa and the Maori activists as against the tribal elders and entrenched party loyalties.

This election will make it easier to judge the strengths and weaknesses of various groups in Maori politics. Certainly if Rata wins, or even if he is narrowly defeated, he will have made his central point that Maori are unhappy about their status in pakeha society and want recognition of their Maoriness.

It will also ensure that the Labour Party will have to select men or women with Maori in the Maori community.

Graham Butterworth is an historian and senior research officer for the Police Association.

## Without word of a lie.

### The party connection

WE noticed the appointment the other day of T S Cradock, of Wellington, as the second lay member of the Motor Vehicle Dealers Licensing Board.

An apparently exhaustive biographical note said Cradock is chief executive officer of the Johnsonville Licensing Trust, having previously been a Mobil Oil manager, the immediate past president of the Urban Development Association and a past district governor of Lions.

The note referred to his war service, his marriage, his four children, his "active interest in bowls" and said he "follows rugby and cricket".

Clearly, the writer of the press release had left no stone of importance unturned in his research into Cradock's background.

So the Cradock appointed to the licensing board is no doubt therefore a completely different T S Cradock from the T S Cradock who as "general manager Johnsonville Licensing Trust, formerly oil company executive, air force and Fijian military forces World War II" is running for a certain office this coming weekend.

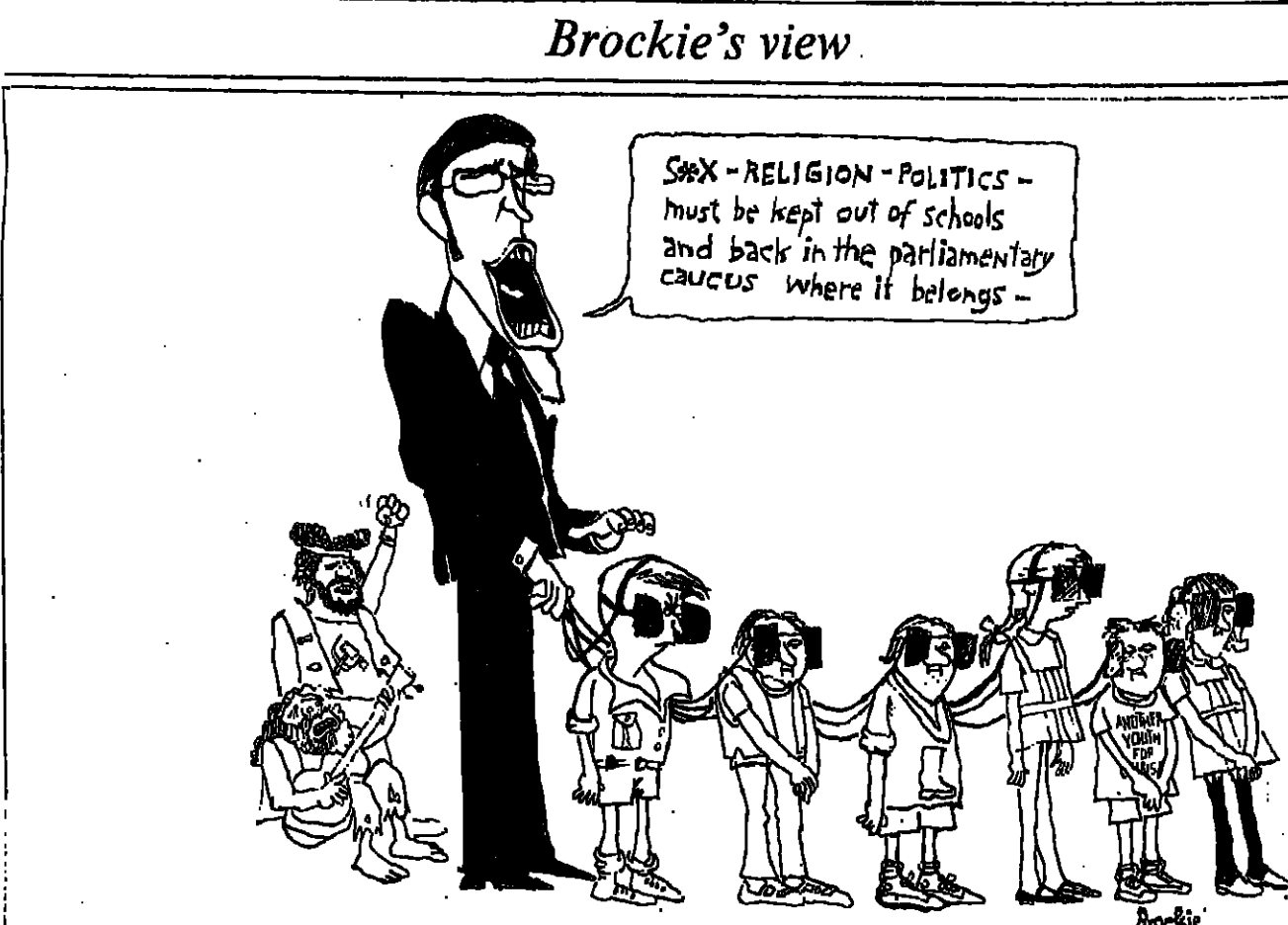
The office is deputy chairman of the Wellington division of the National Party, an office this T S Cradock has held since 1978, after holding various lesser party posts since 1969.

This T S Cradock has also been chairman of the division's policy committee since last year.

We congratulate Justice Minister Jim McLay on his determination not to be seen to be part of the "jobs for the boys" game.

### Record industry in a spin

THE Record Retailers Federation almost fell out with its suppliers, the Record Industry Association, last week over a question of consumer savings if the 40 per cent sales tax on records was removed.



The industry's lobby against the sales tax reduces around a promise that if Government reduces the tax to 10 per cent, a \$2 saving per record will be passed on to the consumer.

The retailers issued a statement last week asking for a 34 per cent increase in their markup, which would have wiped out much of this consumer saving.

After a bit of number crunching by NBR's Auckland reporter and a question to the PR man handling both the retailers and the industry, there was a flurry of phone calls. Then another

statement emerged from the retailers, saying the \$2 saving would be passed on to the consumer after all.

### Govt trips on synthetic carpet

THE wool industry is afraid there might have been a slip-up when Government implemented the Industries Development Commission's recommendations on the textile industry.

As part of the rationalisation process, wool will be taken off import licence from July. Carpet manufacturers which buy 100 per cent of locally sold wool, will then be free to import nylon and make synthetic carpets.

Many in the industry are aware of the irony — but nothing has been done about it. It is understood Trade and Industry Minister Lance Adams-Schneider is likely to visit carpet manufacturers asking them to state why they don't want synthetic carpets to be made here.

## Are Advertisements for SENIOR EXECUTIVES always effective?

Experience suggests that the best executives do not always see or respond to senior appointment advertisements. This dictates that a more precise, positive, controlled technique is essential to locate

the most competent and successful executives. The proven technique is 'Executive Search.' Search does not rely solely on advertising but uses highly professional methods for locating executives with superior management skills and attributes.

To discuss how THE McDougall ASSOCIATES SEARCH PROGRAMME can assist you fill senior positions most effectively, please telephone Ewen McDougall on Christchurch (03) 67-026 or write to him at P.O. Box 2398. Naturally confidences are respected.

### McDougall Associates

management consultants  
6th Floor BNZ House, Cathedral Square, Phone 67-026  
P.O. Box 2398, Christchurch.

## The Allen Professional Management Seminars for the 80's

These intensive five-day seminars cover all areas of the Allen Management System. Central to the Allen approach are the four major functions and 19 activities that determine the professional manager's effectiveness. Based on 23 years of continuing international research into effective practices of leading companies, the programme has proved effective with over 70,000 managers.

### Highlights from the Allen Management Seminar

The changing role of management  
Avoid being left behind

How organisations evolve

The transition to professional management

What it takes to be a professional manager

The work only a manager can do

Planning for more effective results

Set a trap to catch the future

How to use management objectives effectively

Analyse the commitment for each position

How to determine the most important results

Identify the vital work areas for your job

New methods in management budgeting

Base the budget on approved objectives

Managing time for effective use of resources

Relate programmes and schedules to objectives

Up-to-date management organisation

Satisfy needs of organisation and people

An organisation structure to meet the future

Organise to achieve established objectives

Delegation — the key to successful management

Establish management accountability

Better team work through improved relationships

Successful organisation relationships

Effective management leadership

Make and apply management decisions

Communicating for improved understanding

Make sure there is understanding and acceptance

Motivating people for effective performance

Use behavioural science to improve motivation

Controlling for results

Develop control and performance standards

In 1980 four Seminars will be available in New Zealand

Auckland — March and September

Wellington — June

Christchurch — November

Each Seminar is led by an experienced Senior Allen Associate with wide international business experience.

Places in each Seminar are limited to allow maximum participation

Enquire now to ensure a reservation is held for you and other people from your organisation

To Louis A. Allen Associates (Aust) Pty Ltd  
New Zealand Agents: AVID LEARNING PROCESSES LIMITED  
Durham House, Durham Lane CPO Box 1209 Phone (09) 371 433 Auckland

## NATIONAL BUSINESS REVIEW

Published by Fourth Estate Newspapers Ltd.  
Managing Director: Reg Birchfield  
Marketing Director: Ian F. Grant  
General Manager/Accountant: Stephen Underwood  
Editorial:  
Editor: Bob Edlin  
Production: Ralph Green, Ann Taylor

News & Features:  
Colin James, John Draper, Rae Mezengarb,  
Belinda Gillespie, Stephen Bell, Jack Horder

Contributing:  
Finance: Peter V. O'Brien

Auckland Bureau:  
Warren Berryman

Advertising Sales:  
Manager: Paul A.C.S. Lok

Promotions:  
Manager: Keith Scott

Circulation:  
Manager: Jan Chee

Auckland Office:  
2nd Floor, Levens Building  
Cnr Adelaide & St. Paul Streets, Auckland  
Tel: 799-304

Wellington Head Office:  
Fourth Estate Newspapers Ltd  
15 Blair Street, Wellington N.Z.  
P.O. Box 9344  
Tel: 756-676  
Cables: Natbus

National Business Review Incorporated is a registered publication weekly (except for last week December and first two weeks January).

Typeset and composed by Compulype Services Ltd, Wellington. Printed by R. Lucas & Son Ltd, 118 Kapiti Road, Paraparaumu.

Single copies: 75 cents  
Subscription rate: NZ\$26.00  
Member ABC (Audit Bureau of Circulations)





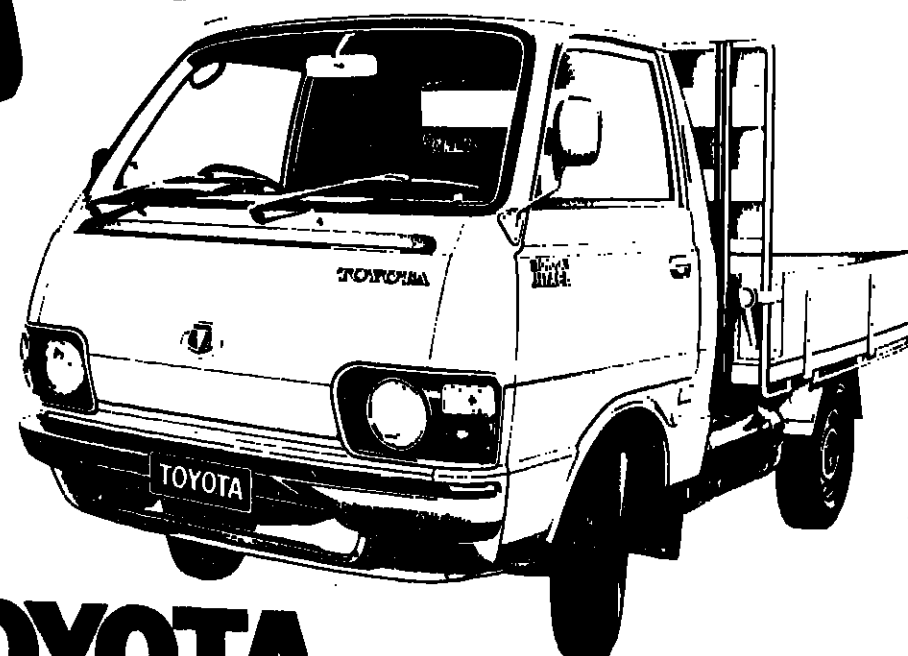
# HI-ACE MOVES!



Easy loading with unique sliding side door and high lift hinged rear tailgate.

Big 5.2 cubic metre load space. Brilliant cab comforts include high-back reclining seats and car-style heating/ventilation.

Also available: 1600cc low-height flat deck model.



## TOYOTA TOUGH TRUCKS

TOYOTA NEW ZEALAND LIMITED

See Your Toyota Dealer Now.

14982

## Regional development: getting beyond economics

Economics Correspondent

RUMBLINGS of discontent from the outer regions have been drowned out until recently by the clattering of the bureaucratic machine in Wellington. But suddenly the South Island Movement is thundering up round us, and even high pitched buzzing from the Beehive, saying that the movement is nonsense, has been unable to still the clamour.

Something is going on outside Wellington that has implications for our centralised form of governing and of economic decision-making. The long queues waiting to sign the South Island Movement's petition for greater political autonomy is evidence of a major regional grievance.

The Planning Council is doing its bit to alert the Government to regional issues by publishing two reports on regional planning and development. In *Planning and the Regions* (see NBR Page 19), the council advises the Government on the links between planning at the national and regional levels.

And the Planning Council also commissioned a report from University of Auckland economist Dr Claudia Scott. *Summary of regional development objectives and policies: an appraisal.*

Scott's report shows that central government has not been totally oblivious to regional issues. Since 1973, nearly \$12.5 million has been granted for regional development assistance.

And this rather piling expenditure has been accompanied by further analysis of the issues. Regional problems have been the subject of much expert investigation ever since the National Government Council stimulated interest in them in May 1969.

But then, one of the oldest political tricks in the book is to give the appearance of solving a problem by calling in an expert to investigate it.

This has the added advantage that while the big gun

expert is diverted to this task, he or she will be less outspoken about deficiencies in policy.

So, 11 years after the NDC first stimulated research into regional issues, Dr Scott still finds that "the lack of urgency and focus in regional policy is widespread".

One reason previous analysis of regional issues has not resulted in good regional policy is the narrowness of the focus to economic considerations.

Although Scott is an economist, she attempts to widen the scope of her analysis beyond economics by showing the importance of social, political and environmental influences in shaping regional policies.

The concern of existing regional policies is to direct economic growth away from urban centres, such as Auckland and Wellington, and to encourage development in 11 priority slower-growth regions including Northland, the King Country, Taranaki, Wanganui, the East Coast, Waikato, the West Coast, Otago, Southland, Marlborough, and South Canterbury.

These policies have had a narrow, primarily manufacturing focus and have been applied to a set of regions which contain less than one third of the population.

There has not been a better geographic distribution of development as a result.

The crunch issue is to define what a better geographic distribution of development is. A report produced by the New Zealand Institute of Economic Research in 1969 argued that disparities in the standard of living of inhabitants of regions were a key factor in assessing the extent of regional problems.

So, a better geographic distribution of development would aim to even out disparities in living standards. But as the institute report pointed out, a more balanced distribution of regional development might mean a sacrifice of national economic

growth.

Economists, such as those at the institute who rely on the traditional economic framework, cannot deal effectively with regional issues.

The analysis of regional development means looking beyond the questions of "what", "how" and "for whom" to produce goods and services to the additional question of "where" to produce.

But the traditional economic framework cannot handle the "where" problem, because under that framework's assumptions, space offers no impediment to market forces.

This being the case, resources are seen to be completely mobile, flowing smoothly between regions so as to create maximum national economic growth.

A special branch of study, called regional economics, has been set up to analyse the special problem of resource immobility and market failure.

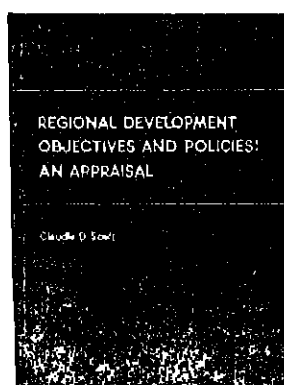
The analysis of regional economics rests on the assessment of externalities (costs and benefits outside or external to the market system).

And Scott argues that the tools of regional policy are, by their nature, "interventionist" because they attempt to alter the allocation of both human and physical resources to a pattern which is deemed more desirable than that resulting from the interplay of market forces within the existing institutional setting.

Since regional development policies are designed to solve "regional problems", an appraisal of these policies must be carried out after defining the problems.

Scott adopts the view that regional problems are any circumstances which give rise to a regional sense of grievance and a perceived need to adjust the balance of activity among regions.

The way in which regional grievances are expressed and responded to, is an integral part of the political process.



preserve some existing (or historical) distribution of economic growth and development," Dr Scott says.

Before a redefinition of objectives is possible, Dr Scott wants further investigation into the primary problems which give rise to regional grievances and their relationships.

And so Scott's investigation of regional development policies brings us the full circle. A redefinition of objectives is called for. But, first, Scott says "further information on the nature of New Zealand's regional development problems is needed before precise objectives can be defined".

The message of Scott's report appears to be that any further investigation of regional problems, economic or otherwise, is fruitless until some political mechanism is set up to find out what the inhabitants of the regions think these problems are.

Scott concludes that "planning procedures by central government depart-

ments will require substantial modification if there is to be a meaningful input from central government at an early stage in the preparation of regional plans. Such changes may be essential if regional planning and regional development policies are to be based on better coordination and communication among the various levels of government."

Such changes, in Dr Scott's view, mean that conflicts between regional and national objectives can be dealt with in a desirable way.

But by spending its energies investigating regional development, the Planning Council and Scott have fallen into the trap designed by central government politicians looking for excuses to do next to nothing for the regions.

Instead of investigating the need for planning, the council might have better spent its resources setting up the machinery for integrating regional grievances into the planning process.

## Have you considered a health care cost protection plan that also protects your personnel from rapidly rising fees?

You'd do a lot better by talking to Group Health



From management peace of mind comes performance — from settled staff comes motivation and morale. Whether you have a plan operating for executives and staff or not, you'll find we do better for you. We do better by offering a choice of cover to suit everybody's situation. We do better in the way of claims because we refund 90% of the actual expenses incurred. We don't dangle the hook of low subscriptions baited with an unpalatable payout because we do not use a schedule of average New Zealand costs which vary in different cities and never keep pace with inflation.

A subsidised plan with Group Health gives you immediate cover and current surgical or medical conditions are accepted for those joining the group.

Whatever the bills add up to — you pay only a tenth. That's better for you — better for staff. Better get on the phone, or write for full facts.

Phone or write to your nearest Group Health Representative.

Phone: Auckland ..... 771-555, Box 37-107  
Wellington ..... 735-312, Box 3880  
Christchurch ..... 64-930, Box 2410  
Dunedin ..... 770-520, Box 1231  
Invercargill ..... 75-585, Box 1087  
Gisborne ..... 447-476, Box 322  
Napier ..... Box 981  
Palmerston North ..... Box 1506  
Rotorua ..... Box 487  
Wanganui ..... Box 487

HEAD OFFICE, ELIZABETH STREET, PRIVATE BAG, TAURANGA. PHONE 89-774

## Group Health Care

- we do better for you

Group Health Co-operative Society Ltd.  
A non profit co-operative society affiliated to the International Federation of Voluntary Health Service Funds

## General Manager

TASMAN ELECTRIC POWER BOARD

Up to \$25,000 + car + benefits

Nelson

The Tasman Electric Power Board supplies electricity to over 20,000 domestic, industrial and commercial users throughout the Wairarapa, Motueka, Takaka and Murchison districts and maintains a reticulation network of some 3,000 km. of overhead lines in this largely rural area. The Board's Head Office is in Richmond and several branches serve consumers throughout the Board's area. Annual electricity sales stand at about \$9 million and will increase with envisaged local industrial development.

The General Manager with the support of an experienced management team, will be responsible to the Board for the efficient operation of all the organisation's activities and for the planning of future developments. This newly established position calls for an executive with proven management ability and experience gained at a senior level. This experience need not have been in the power supply industry although this would be an advantage.

The age range for this position is flexible but probably within the 35-45 group with experience being an important criterion. The salary is within a scale determined by the Higher Salaries Commission.

SECURITY: No information disclosed nor enquiries made without your permission. Please forward appropriate details, quoting reference 463, or direct any enquiries to:

R. M. Handford  
Personnel Services Division  
**PA Management Consultants Limited**  
P.O. Box 11540, Wellington  
Office also in Auckland

## Taxes strike discordant note for record sellers

by Warren Berryman

CLASSICAL music buffs and pop enthusiasts are in for a hammering whichever way the Government directs its policies on the 40 per cent sales tax on records issue.

The Record Industry Association said that if the Government reduced the sales tax to 10 per cent, the retail price of records would be reduced by \$2.

The Record Retailers Federation said the record wholesaling "oligopolies" have no right to tell retailers what to charge and is pushing for a 50 per cent markup on records. The current markup is 28.5 per cent.

The root of the problem for wholesalers and retailers is the 40 per cent sales tax.

Doubled by the Labour Government in 1975, the tax helped increase the price of records from \$6.50 in 1975 to today's average of \$9.99 (well

below the inflation rate of 73.2 per cent over that period).

The record retailers' figure that an average retailer holds \$40,000 worth of stock on which he pays \$11,430 sales tax. Thus the 200 retailers throughout the country provide prepaid tax of \$2,286,000.

The federation said it was opposed to any television advertising which carried a recommended retail price and ensure retailers reserved the right to charge whatever price they wished.

Some retailers claim they will pass on to the consumer any savings achieved through a sales reduction. Otherwise, they said, the whole lobbying process against the sales tax is senseless. Unless one can show a direct benefit to the consumer, the campaign has no political appeal. If the sales tax were reduced to 10 per cent and the retailers' margins kept

	10 per cent tax and 50 per cent markup	40 per cent tax and 33 per cent markup
Copy royalty	\$0.40	\$ 0.40
Artist's royalty	\$1.40	\$ 1.40
Pressing and sleeve	\$1.25	\$ 1.25
Total production cost	\$3.05	\$ 3.05
Wholesale price	\$5.00	\$ 5.00
Sales tax	\$0.50	\$ 2.00
Freight, handling etc.	\$0.75	\$ 0.75
Retailer's markup	\$3.12	\$ 2.56
Price to consumer	\$9.37	\$10.31

at present levels the average record now priced at \$9.99 would be reduced to \$7.99.

While retailers pay their bank or finance company 15 to 18 per cent interest on borrowings, the Government holds 30 per cent of their total inventory money.

Some records sell fast. Some go out of fashion. Classical recordings tend to sell slowly. In each case, the Government's impost must be paid.

To remain profitable after

that money.

Government and finance houses win; retailers and consumers lose. The situation would be different if sales taxes were imposed, as done overseas, at the time and point of sale.

The Record Industry Association claims the sales tax is "punitive". It said "sound recordings like books, films and sheet music, should not be taxed to make them readily available to the public at the lowest possible cost".

If any tax is to be levied, it should apply evenly across the board and *Playboy* (an item imported tax-free) should be taxed equally with records.

Muldoon commented that of records sold in New Zealand "50 to one are those horrible pop songs and I'm not going to take the tax off them". He also said he would consider taxing girly magazines.

The Record Industry Association and the Record Retailers Federation wants the sales tax removed. The federation pointed out that, apart from the Malagasy Republic, only New Zealand had such a high tax on recordings.

The retailers reminded the National Government of its 1978 election manifesto which paid lip service to supporting the local recording industry. The manifesto said the Queen Elizabeth II Arts Council would be asked how this might be achieved, and said sympathetic consideration would be given to Arts Council recommendations.

The Arts Council has since pointed out the repressive nature of the 40 per cent sales tax on local composers, artists, and producers.

The price to become only marginally lower, sales tax is reduced, the retailer's margin is intact. A lower sales tax and margin, or a lower sales tax and the same margin, serve as an inducement to retailers to carry a wider range of records, including moving classical music.

## Inefficient industry gets waning protection

INEFFICIENT manufacturing and servicing industries were clearly warned by Trade and Industry Minister Lance Adams-Schneider last week that the days of protection are over.

The Minister told Lower Hutt businesspeople: "Industries which are unable to compete locally or internationally must look closely at themselves."

"The Government will help (only) those who help themselves because the economy cannot afford to carry industries which are inefficient."

The Government's recent moves on restructuring meant that efficient import substitution industries could be encouraged, and manifestly inefficient industries discouraged, Adams-Schneider said.

He pointed to the textile industry, where protection according to the Industries Development Commission had put an extra cost of around \$100 per household each year, or \$600 per person employed.

In that situation, the Government would not encourage those sections of the industry which could contribute to export products.

He said he expected changes would be desirable in other industry groups, down for IDC scrutiny.

To retailers, he said an open market economy with easing of import licensing controls would provide a greater variety of goods.

## FOL's fear about shift to "free enterprise"

by Colin James

THE National Party's "free enterprise" catchcry is a hypocritical sham designed to cover up a redistribution of wealth, income and power to a privileged elite.

That is the union movement's view of the changes taking place in the Government's approach to economic management.

The view was forcefully expressed in the presidential address read by Jim Knox to the Federation of Labour conference last week.

The address was coherent — arguably the most coherent — articulation of the unions' opposition to the new direction emerging in Government thinking and action.

The unions' fear that what National Party supporters — and many others at many levels in New Zealand society — see as anticipating a new age is in fact a reversion to the days of dog-eat-dog laissez-faire capitalism.

Knox's presidential address traced the rise of capitalism and the suppression of the early unions during the industrial revolution and contrasted it with the growth of the welfare state and the redistribution of wealth to the working class.

The welfare state, the address said, emerged from the crisis of the 1930s "when it was clearly obvious that 'free enterprise' could not deliver economic stability".

"Unfortunately," Knox said, "one of the great lessons of history is that humanity tends to repeat its mistakes."

"We are entering a period of history when the mistakes of the early 19th century are going to be repeated to the detriment of the working class."

Below, *NBR* reports in full the reasons for this view.

Knox said in his address: "I believe there are three major reasons why a reversion to old-style capitalism will occur."

"Firstly, progressive people are now doubting the success

of our welfare system because many social welfare programmes have not reached those people most in need. A good example is health spending which has increasingly enriched the medical profession and drug companies without providing decent service to the poor who need health care. Therefore a number of people who would agree with state provision of these services are not enthusiastic about the present way such services are run. There fore this role of the state has very lukewarm support at the very time it is under strong attack.

"Secondly, our economic management within the framework of the 'mixed economy' has had a poor record from the viewpoint of working people. The scourges of inflation and unemployment have steadily grown worse. Government controls have been increasingly used against the working class while the focus of state activity has steadily shifted to the subsidising of private business interests. These tendencies have alienated much of the support for state intervention in the economy."

"The third major reason why the old form of capitalism will become stronger is the rapid pace of technological change which weakens the bargaining position of labour. The new technology can also assist greatly in the concentration of wealth and power. It should be remembered that the industrial revolution was largely based on a similar upsurge in technical advance which created the climate for business to demand freedom from control."

"While these difficulties exist and make clear the necessity for a redefinition of the role of the state in the New Zealand economy, the supposed cure of 'free enterprise' is scarcely likely to create a stable economy, let alone a more just and equitable society."

"Indeed even the steps that have been already taken by the Government of New Zealand, expose 'free enterprise' as a hypocritical sham designed to cover up a redistribution of wealth, income and power to a privileged elite."

"These tendencies are best shown by examples:

"(1) Despite a great deal of emphasis on less control by free enterprise advocates, we have seen an unprecedented level of wage control enacted by the Remuneration Act and the Fishing Industry (Union Coverage) Act.

"Thus we have wage control more rigorously enforced than ever, while price controls are steadily dismantled. It is 'less control' all right, less control for the minority at the expense of the majority."

"(2) Another great plank of the free enterprise theorists

is that we must remove subsidies which 'distort' the economy. I have not yet been able to discover why subsidies on consumer items like bread, milk and butter distort the economy while subsidies on agriculture, exports and investment in plant and machinery do not. One has to ask why the full rigour of free enterprise economies only applies to the working class.

"(3) One of the most amazing aspects of our free enterprise enthusiasm is that they do not seem to have discovered that modern economies are dominated by large firms. The theoretical argument for free enterprise is that it enhances efficiency by the whip of competition."

"This implies either a number of competing firms or the potential for small firms to compete favourably. That theory does not square up with

the reality of sectors of our economy such as banking, petrol distribution, pulp and paper, canned and frozen foods, aluminium, steel, brewing and freight forwarding which are dominated by a few large firms. Their existence also inhibits competition elsewhere — for example, the local grocer or dairy owner is often no more than a very low paid salesman for Waities or Unilever."

"(4) The same confusion exists when free enterprise arguments are transferred to the international sphere. Local advisory groups parrot the advice of the OECD about free trade and opening up the New Zealand economy to more competition and we are assured that this is the sure way to economic salvation."

"I would have at least thought that our local economic experts before accepting the OECD creed as a 'sure

winner' would have at least raised the point why the OECD members in the EEC haven't tried it themselves in regard to agricultural imports."

"These contradictions arise because the real point about the 'free enterprise' campaign is not efficiency but distribution. It is that reality that we must face."

"What is happening is not a restructuring of the New Zealand economy to improve the living standards of all New Zealanders, but a programme to improve the relative living standard of a few and to integrate our economy more fully into the world system dominated by the multinational corporation."

"Of course one of the essential pre-requisites is a docile trade union movement and it is clear that the aim of the present Government offensive is to achieve that."

## BUTLER.ONE INDUSTRIAL SAFETY STANDARD.

Industrial safety belts and harness. The personal security harness range for every working situation.

The Rallok tower and ladder safety system. Gives positive fall arrest yet allows full climbing freedom.

The Butler range of Webslings. Standard and custom made.

## Butler webbing products

John Edward Butler (N.Z.) Ltd sells only one industrial safety standard.

Absolute.

Unsurpassed care, strength, and precision testing back each specially developed Butler Industrial Safety Belt, line, locking device and accessory.

Butler Industrial Safety Products. The range and security is unmatched.



Butler Safety: For more information on (please tick):  
 Webslings, ☐  
 Industrial Safety Belts and Harness, ☐  
 Rallok Tower and Ladder Safety System ☐  
 please send this coupon to John Edward Butler (N.Z.) Ltd, P.O. Box 1761, Auckland.  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_

A member of Ray Consolidated Group of Companies.

BS3982

## FILEmaster SYSTEM 7

For details write Box 14-051 Wellington  
 NAME \_\_\_\_\_  
 ADDRESS \_\_\_\_\_



MANAGEMENT CONSULTANTS  
 SPECIALISING IN  
 COMPUTER APPLICATIONS

SERVICES OFFERED INCLUDE:  
 CONSULTING SERVICES

- \* Facilities Management
- \* Feasibility Studies
- \* Equipment Selection

TECHNICAL SERVICES

- \* Systems Design
- \* Contract Programming

DATA CAPTURE SERVICES

Phone 30-287  
 130 New North Road  
 P.O. Box 2684  
 Auckland



## Meet one of the Mighty Freezer Fleet

If you've ever been in an egg and spoon race, you'll know just how hard it is to keep up speed and yet maintain balance. This bloke's been doing the same sort of thing for a good many of Modern Freighters' 40 refrigerated trucks. Driving one of our top quality perishables from Invercargill to Levin. And balancing 20 tons of top quality perishables around the treacherous Kaikoura Coast is no mean feat. Although he knows the roads like the back of his hand, he says a pace that's safe. Yet whatever you want, wherever you want it, from North Cape to Bluff, just state a deadline. And it's a sure bet that he'll deliver the goods on time. Everytime.

At the end of the run, he'll be needing a break. But the goods in the refrigerated compartment will arrive in top condition. As fresh as the moment they were loaded. And that's because the guy up front looked after the goods in the back.

If your produce demands the care which you feel only you can give, call Modern Freighters for a no obligation quote on the alternative and set the wheels in motion.

MODERN FREIGHTERS LTD  
 Phone: 85-017 Levin 44-733 Christchurch  
 84-471 Papanui

We deliver the goods

MB 055



# Forecasting errors compound fiscal problems

ERROR in forecasting forms a significant part of the difference between published Budget estimates and the actual results.

Coupled with the time lags between identifying an economic problem, formulating and implementing an appropriate policy, and reaction to the policy, the errors compound the Government's problem of keeping to its Budget, and maintaining economic stability through fiscal policy.

The *Stabilisation Rule of Fiscal Policy*, by Reserve Bank Chief Economist, Rod Deane, and research officer Richard Smith, (commissioned by the Planning Council) looks at such questions when examining the possibility of improving stability through fiscal policy, rather than taking "widely divergent" decisions each year in pursuit of short-term expedient goals.

The authors refer to other problems which affect understanding and improved analysis of Government budgetary transactions.

They want Budget data published in an adjusted form to distinguish clearly between Government transactions with the private sector, overseas sector and the Reserve Bank, and covering expenditure, revenue and borrowing.

Finance transactions should be published in more detail, including some indication of borrowing intentions in the Budget year. Public finance data should be released monthly rather than quarterly, with less publication lag than at present, even "if early publication were to cover only the main aggregates".

More information and explanation of underlying assumptions about the state of the economy is needed. Deane

PETER V O'BRIEN comments on the financial and business week, appraises the share market and analyses company accounts.

and Smith recommend that the Treasury could publish further research on the effects of the Budget on the economy, to assist a wider understanding of fiscal policy.

The recommendations are connected with the current debate about information access. Their practicality is no problem. The Australian Government provides much more information about its Budget and the economic background (*NBR*, March 10) without the state or the economy falling apart.

Deane and Smith take a realistic view of the control of Government expenditure. They point out that in 1977-78 about 55 per cent of total Government expenditure

went in public servants' wages and salaries and in social security benefits.

(In *NBR*, April 28, when discussing possible Budget policies for this year I mentioned that more than half total expenditure went in salaries and wages. That figure should have included the social security benefits; about 30 per cent of total expenditure relates to salaries and wages).

The authors indirectly show that lack of information made their research more difficult. They point out that understanding of the lag process is far from perfect, "to say nothing of the difficulties of forecasting what might hap-

pen to the economy in the future".

Deane and Smith make several specific policy recommendations (indexed taxation and so on) but they take a realistic approach to the problem of implementation.

The authors understand the political process and the pressures which force governments into short-term economic policy, although such questions are outside the limits of their research brief.

A clear statement on the monetary effects of different methods for financing budget deficits is a useful section.

There is considerable confusion among the public on the inter-relationship between budget deficits, their financing, and movements in the monetary base and the money supply.

The options open to the government for financing its deficit have to be balanced against the resulting monetary effects, a factor which has an influence on inflation, although it is difficult to assess the exact effect of the Budget on inflation. Deane and Smith argue that fiscal and monetary policy cannot be divorced. The former has a direct effect on the latter, while attempts to maintain monetary goals limit

the fiscal options available. The goals are to be achieved.

They see that all interact with each other. Economic management is complex. There are no easy answers, because in one area has spilled over into others (The reason for this point may give a better reception with Minister Muldoon than recent documents about the economy).

He dismissed those because they failed to see the interaction of unemployment, balances, taxation, transfer benefits, inflation.)

Tables attached to report are an important addition to the data on the Zealand economy. The effects of the Budget make a significant contribution to understanding the economy and the government's fiscal policy. Unfortunately that is, Smith had to provide which should be published each year.

The paper is worth. It improves the image. Zealand economists suggest policy at simplifying its social, political effects.

## Company performance

THE sharemarket has given notice that it will mark down companies which fail to meet its expectations of shareholders' benefits.

It is immaterial that the market's expectations may be too high.

The first companies to report for the year ended March 31 experienced a drastic reaction to their announcements, in spite of substantial profit increases and higher dividends.

Transvision Holdings was the first to issue a preliminary report. Group net profit more than doubled to \$859,500, and the dividend was increased from 11 to 15 cents a share. The market responded with an immediate price cut of 10

cents, followed by another drop to 10 cents.

Last week the downward trend continued, as price came back to 10 cents on Monday.

Apparently some of the market thought, even higher, and possibly another bonus issue, the one for four months.

Anticipation of a bonus issue in five months, rather unrealistic, since increased dividend (and the interim) is payable higher capital.

Even at \$3 the provided excellent gain over the last year.

## PROGEN

Friendly Computer Systems to meet your needs exactly.  
AUCKLAND 796-977 - WELLINGTON 686-044  
also at Sydney, Melbourne & Los Angeles

BUTTLER, WILSON & CO.  
Members of the Auckland Stock Exchange  
7th Floor, C.M.L. Centre, Queen Street, Auckland  
Phone 34-357, P.O. Box 45

R. A. JARDEN & CO.  
STOCK AND SHAREBROKERS  
Members of the Wellington Stock Exchange  
9th Floor B.P. House  
Cnr Waring Taylor St & Customhouse Quay,  
Wellington, New Zealand  
Telephone 736-880  
Box 339, CPO Wellington  
Telex N.Z. 3587  
Cables: Portfolio, Wellington

# Philosophy of science's application to accounting

ACCOUNTANTS and auditors who are busy preparing annual accounts for 1980 will be surprised to learn that their activities are now related to concepts from the philosophy of science.

Massey University's Faculty of Business Studies has published an occasional paper, *The Application of Science Policy in Accounting*, by Michael J Aitken, formerly a junior lecturer in the faculty and now a lecturer in accounting at the University of Sydney.

Aitken's paper was prepared for presentation at an international symposium on science policy last year in Ghent, Belgium.

According to a foreword by Massey's professor of business studies, George Hines, the symposium was "designed to explore interfaces between sciences, with special regard to science policy".

The paper's approach suggests that academic accountants are working hard to make themselves respectable among their university colleagues.

Accounting departments in universities have had a problem for years, often suffering from the tag of "technicians" applied by those who dwell in the philosophical, scientific, literary, and even legal, groves

of academe.

Aitken said "one should not be surprised to learn that under the direction of the academic body the study of accounting in America has shifted away from the consideration of purely accounting matters to the consideration of matters of a more general nature - away from considering accounting theory to considering theory in its most abstract sense as the vehicle by which knowledge is increased. For many reasons, many of them valid, these moves have been criticised. Among the criticisms is the over-concentration on the new developments to the almost total neglect of accounting".

Aitken thinks there is great potential in this approach, but it must not be overplayed. He quotes an Oxford academic who said "the real opportunity would seem to be the facility to move among disciplines, borrowing models, ideas and concepts and applying them with care, rather than importing whole sets of academic furniture".

Aitken also quotes with approval the views of Ray J Chambers, professor of accounting at Sydney, who prefers to consider the "entity under consideration", rather than the "parties of interest".



George Hines... exploration of science interfaces

(creditors, investors, managers). According to Chambers, "the shift does not ignore the participants". It recognises them all.

Up to this point Aitken is on familiar ground. Then the academic accountant's problems surface, particularly when he considers the ap-

plication of various philosophers' views to accounting. "Another problem which we must, I think, be wary of, is the tendency to become engrossed in the methodology to the detriment of the results achieved from applying the methodology. This is quite common in a discipline floundering in new ideas, given the fact that academics must play the 'publish or perish' game (*NBR* emphasis).

"It should now be apparent that there are no absolutely watertight arguments for or against the notion that accounting is a science. Arguments typically end up being decided as matters of personal preference based inevitably around differences of opinion, and simplistic views of particular concepts associated with science".

After 26 pages the conclusion leaves the reader little further advanced than at the

introduction. Accountants in the marketplace will see from the following passages that university accounting departments are moving further into the reaches of esoteric intellectual analysis in a search for knowledge about their discipline.

"Despite the widespread acceptability of Kuhn's thesis it too was considered deficient because of its reliance on a monistic conception of knowledge development. On this score Feyereabend's methodological pluralism seems better suited, at least for accounting. Accepting this difference, there is however a sense in which both these theses are inadequate - neither thesis fully explains how one theory comes to subvert or refute the other.

"It is evident then that research opportunities abound in both the philosophy of science and account. Al-

though developments in accounting to date have been rather superficial as compared with those in the philosophy of science and are attributable to a very select group of accounting academics, many of whom have not yet adequately resolved to their own satisfaction the function of accounting, it is hoped that this will change in the future". (*NBR* emphasis).

Aitken considers the "closing of the gap between professional accountants" will arise as a result of this research. He hopes that the research referred to will enhance the depressed reputation of accounting academics so that professional accountants can regain some faith in them and thereby work in the same spirit of co-operation as is considered necessary between various disciplines.

That sounds like the hope of a confirmed academic optimist.

**SITUATION VACANT**  
**FILING CLERK**  
QUALIFICATIONS SOUGHT:  
Photographic memory capable of storing & retrieving multiples of 10,000 separate documents in seconds. Instant reprinting of all retrieved material a definite advantage. Intelligence and adaptability, must be able to be linked to existing computer. 24 hour availability. No coffee breaks, no sick leave, no holidays, no complaints. Must be self-motivating, self motivated and never seek pay increases.  
Applications in strictest confidence

Dear Sir  
I wish to apply for the above position. I have all the qualifications you seek, plus many more distinct advantages which will bring peace and harmony to your filing room, thus cutting down on manpower and costs. I have excellent references, and for your further information, a brochure and full technical data can be obtained from my creators: KODAK NEW ZEALAND LIMITED, P.O. BOX 2198, AUCKLAND.  
I also enclose a recent photograph, taken on my 1st birthday.  
Yours sincerely,  
THE KODAK IMT-150 MICROIMAGE TERMINAL.  
(the one that practically thinks for itself).

KB80/1

**N.Z.I. Securities Ltd.**  
**MERCHANT BANKERS**  
**Trade Finance and Services**



# World cold-shoulders Chile's military ruler

The alternatives are one reason he may well survive those who might take over in



فلا من الله



# Newspaper group drops retail ad distinction

by Grev Wiggs

IN a spectacular move that crashed through the entrenched policies of the newspaper world, Wellington Newspapers Ltd, a division of Independent Newspapers Ltd, has abolished the distinction between national and retail advertising for commission-bearing purposes.

A circular sent to advertising agencies last week advised:

"Starting July 1 all four Wellington Newspapers publications have been authorised to offer NPA accredited agencies 20 per cent commission (the normal 15 per cent plus 5 per cent on all retailing advertising)."

The four publications are the *Dominion*, *Evening Post*, *Sunday Times* and *NZ Truth*, although the latter two, being national papers, have always paid commission.

Additionally, volume discount rates, covering all four newspapers, have been introduced.

A space order for a prescribed volume of space in any one paper will allow the advertiser to apply the appropriate space rate in any of the other publications. Or if the total space booked for all four newspapers accumulated to 30,000 cms then the individual 30,000 cms rate would apply for each publication.

Retailers are not overlooked in the new deal. Direct advertisers will be entitled to a discount of 10 per cent if payment is received before the 25th of the month following and a 15 per cent single column allowance will be made for supplied camera-ready copy.

The concessions are accompanied by an increase in rates.

"We believe that if an

agency produces work, it is entitled to its remuneration," Ian Wells, Wellington Newspapers' business and marketing manager said.

"The old division of national and retail no longer applies and an agency can get commission on any display advertising."

Asked if this move did not fly in the face of long-held NPA policy, Wells replied that it was certainly a departure from previous understandings on what was or was not commissionable business.

"But this is the way Wellington Newspapers will conduct its business," he said.

"It is logical. It is competitive. It is, we believe, a sound business decision."

The policy of the NPA from its inception has been to pay advertising agencies commission on national advertising, but to refuse it in the case of local or retail advertising on

the general assumption that the paper, through lack of an alternative, will get the business anyway.

With the growth of national retailers, such as Woolworths and McKenzies, the position has changed considerably. Agencies moved in to take over all the duties formerly performed by the newspaper or the advertisers ad department.

They provided final print-ready material in exactly the same way as they did for national clients. With no commission income, the agencies were forced to charge service fees to their clients.

There have always been a few newspaper backsliders prepared to pay commission to secure business they badly wanted but such divergences entailed patchwork buying arrangements.

Wellington Newspapers' isolated action represents a

challenge to the establishment. It could spread to other members of the INI group and be influential in breaking down commission barriers in other newspapers.

NPA spokesman Michael Thompson remarked: "Wellington Newspapers obviously see the new rate structuring as an innovative move but as the NPA is not involved in members' individual marketing decisions it would be inappropriate for me to comment further."

Ross George, president of the Association of Accredited Advertising Agencies, welcomed the announcement.

"This is a commendable step on the part of Wellington Newspapers," he said.

"It follows the commission arrangements that have been in force overseas for many years, where retail accounts are keenly sought by agencies. The move recognises that agencies have a bigger role to play, particularly in the handling of advertising for retail chains and multiples."

"And it must be more economical to pay commission rather than provide staff to service retail business."

"In Wellington this will result in an awakened interest in retail advertising by agencies which can only be beneficial to the Wellington papers."

Far Smith, chief of Hott Advertising which for a long time has been handling print advertising for the national retailer, McKenzies, welcomed the news.

"This is a terrific step which recognises the reality of the situation."

"Simply, it means you give the service, and hold the business, and think of no better business enterprise than that. The commercial reality will eliminate the amount of rate byzantiums which has existed for years."

"It will be the job of agencies currently to retail account to their clients that the ready discount will be cash discount will be than compensating for saving in agency fees costs of setting up a retail department."

Working on a business in print and commission from media, agencies have been moving steadily over the last few years.

If commission became a widespread practice, the pattern of business could be sweeping change.

In print media, far and away the top three retailers, Press, Herald and Dominion, each spend over \$1 million on newspapers.

In Britain, the top three advertisers are all in the retailing business, but one is handling advertising agency.

## Self-awarding award

A FULL-page newspaper advertisement released by Campaign Advertising recently would have resulted in many a double-take by advertising people.

It was headed "1980 Campaign Advertising Awards" and reproduced 11 pieces of advertising material, such as TV stills, a showcard and a direct mail piece.

Under each item was a citation. Example: "Category: Best Press Advertisement. Advertiser: Auckland Savings Bank. Product: Young Accounts. Agency: Campaign."

It resembled the type of announcement an agency would run proclaiming success in an advertising competition.

After closer examination, it could be seen for what it was: an agency making use of the award-winning stereotyped format to proclaim its virtuosity in a variety of advertising media techniques and awarding itself or its clients a best performance in each category.

To discern this, you would need to be aware that the likelihood of any agency winning across the board was minuscule and that no such recent competition had been conducted anyway.

The ad could be regarded in a number of ways: as a flip comment on advertising awards; as a direct com-

pliment to the good work of the clients; and as a narcissistic piece of indulgence.

The verisimilitude of chest-beating, self-awarding-winning ad would have convinced significant number of who run and read the paper. Advertising recording actual sales, an actual contest could have misled.

The agency, in the management of executing a self-awarding award, is entitled to allow for the interpretation of the award.

Obviously there was no intention to deceive and we would be surprised if wrong impressions resulted.

Commenting on the technique, Kevin High, partner.

"Misleading? Not at all. It is an accurate statement of the agency's strengths and skills. Campaign Advertising is all about what the advertisement means."

"I am convinced that who saw the advertisement, firstly read it and then gained a better understanding of Campaign Advertising's abilities. Which is exactly what advertising is all about."

## Association expands

THE appointment of a full-time executive director is the first step in what the president of the Association of Accredited Advertising Agencies sees as its expanding role.

"Undoubtedly the association has grown considerably in recent years," president Ross George told *Admark*, "and the role of chief executive, normally assumed by the incumbent president, has become too burdensome."

"There are more issues impinging on advertising. There

is a need to monitor legislation, to gather and collate information, to maintain contact with media and government departments. Such a move will become a much higher commercial profile for the members."

After representing a majority of accredited agencies for 30 years in a traditional fashion, the association would seem to be adopting a much higher commercial profile for the members.

## Regional development

# Call for Cabinet regional planning commitment

by Colin James

FEW people want regional planning.

The central politician has never been enthusiastic about giving up any of the power that makes him self-important in a country of mediocrities.

The local politician does not want to give up any of the dwindling number of activities he is allowed to spend rates on.

And the uninitiated, like me, pales at the thought of another bunch of dined, wine and remunerated politicians (not to mention bureaucrats) to tell them what to do, eating up my rates and taxes.

Even Planning Council members, according to chairman Sir Frank Holmes, "are not united in their views about the advantages of a regional approach to planning and development."

But the Planning Council is charged with "advising the Government on links between national and regional planning." So a task force has been put together just such advice and the council has now passed it on.

First, it tells Cabinet ministers: "Commit yourselves."

"Setting up mechanisms for planning and co-ordination is not enough. Co-ordination achieves nothing if there is nothing to co-ordinate. Planning vacuum cannot excite much interest."

That commitment means:

- More systematic medium-term planning of central Government expenditure, with objectives and plans made available to the public or at least to local and regional authorities;

- National policies should be considered in relation to each other for their national and regional impacts. "The lack of a national planning mechanism to do this is a major drawback to effective regional/national planning";

- "A more positive attitude by central Government on the one hand and by local government on the other to use regional planning as an effective vehicle for the concept of 'partnership'";

The central Government will not take regional planning seriously — which means handing over administrative functions and money — if it believes regional planning is ineffective and not supported

from below. Local government will not co-ordinate in regional planning as long as the central Government does not seem to be committed in spirit and funds.

In a telling paragraph, the council says: "Attitudes in many parts of New Zealand are not conducive to taking full advantage of the potential of regional planning."

Stumbling blocks:

- "The negative attitudes of some local authorities, especially rural ones, to united councils";

- "The lack of a regional consciousness among locally appointed representatives, with local loyalties (and no sense of accountability to a regional electorate);"

- "The perceived danger of a further tier of government in a country which many believe suffers already from a surfeit of planners and bureaucrats";

- "Concern at the lack of a secure revenue base."

Ways to get over the stumbling blocks:

For one thing, the council says, ministers and departments will have to give higher

priority to planning and each major department should "develop a regional focus", which presumably means looking at policies to see how they operate region by region.

Second, involve the Cabinet as a whole in the planning process, so that portfolios like transport and agriculture with crucial regional implications are included in "regional" matters.

Next, set up planning units in the departments to "look at objectives, programmes and forward planning" in a "medium-term focus".

And co-ordinate the output of these units — through a "core group", located in the Ministry of Works and Development, the Treasury, or preferably, in the office of the Minister of National Development.

This mini-think-tank, with people skilled in many disciplines brought in from outside the public service and within it, would also prepare and regularly review planning guidelines.

At the regional level, the council wants a "college" of relevant people, including members of Parliament, development councils, hos-

pital boards and so on and people from the private sector, as a consultative mechanism for regional or united councils.

And it says departments should become involved at the regional level in planning, perhaps preparing regional budgets.

The council sees merit in the appointment of a regional "prefect", a sort of co-ordinator without legislative authority along the French model.

By the time one gets to this point in the council's report, visions of mushrooming offices and costs are rising before one's eyes.

It is not surprising that a cost-cutting Cabinet should be "ambivalent" in its attitude to regional planning, that it has so far preferred rhetoric to action and that it has kept the regional tiger cub on a tight "dietary" is the council's word financial lead.

What do we get back from the expense?

The council argues that the new planning legislation which started us on the regional road "embodies" the concept of planning which is more dynamic and more positive than the former em-

phasis on land-use controls. "If planning is to be concerned with developing the full potential of a region, rather than imposing restrictions, it follows that there will be much greater scope for initiatives which come up from the local and regional level."

And, the democratic clincher: "The new concepts of planning see a greater number of decisions being made closer to the people who are affected."

All very desirable in an age in which, as the council notes, "the move away from traditional forms of central intervention and control seems to be occurring within democratic government almost everywhere."

But it ignores one simple truth: that the citizen of a city the size of Wellington (around 400,000) feels as remote from his city council as he does from the central Government.

Devolving power from the Beehive to a Wellington regional authority (around 350,000) may make the central bureaucrats feel noble. The guy on the Matarua bus probably would rather keep his cash in his pocket.

## Motoring

# Todd Motors' sales efforts eclipse longtime market leader

Motoring Writer

TODD Motors Limited, Toyota New Zealand Limited and Mazda Motors New Zealand Limited are clear winners in the latest Post Office motor registration figures for new cars.

In the month of March each shows significant gains over preceding months and 1979 final figures. Todds captured 20.5 per cent of all new sales — its best month ever — eclipsing longtime market leader, Ford Motor Company.

Toyota has moved from a 13.5 per cent share in 1979 to 18.9 per cent in March, with its

first quarter being 0.3 per cent higher than New Zealand Motor Corporations 15.7 per cent.

Mazda has also started the year off well and could pose a serious challenge to Datsun for sixth place.

Ford is the loser, though it still retains number one status for the first quarter.

General Motors continues to be stuck in reverse gear. NZMC will be looking to the recently announced 1980 Civic from Honda as their silver lining for shareholder satisfaction.

The three front-runners all rely on the offerings of Japan,

whose cars took 60.2 per cent of the market in March. The three months average is a record 54.2 per cent (48.4 per cent in 1979).

Sales of Australian cars are also on the increase, although when the enthusiasm for Ford's XD Falcon and Holden Commodore drops, cars from that country will go the way of those from Britain.

Cars with engines smaller than 1300cc are still in greatest demand, but there has been a build-up in interest for cars in the 1301-1600cc category. This is significant, because the offerings in this sector are not as good as those on either side.

Overall sales of new cars are ahead of those for the

corresponding period last year. In the first three months this year, 17,621 new cars have been registered — a 10 per cent increase on the corresponding quarter for 1979.

This points to a total exceeding 70,000 units for the year. Last year 68,159 new cars were sold, so latest figures indicate that either sales will go above the stated Government desired level of 65,000 (by up to 10,000) or there will be some economic fine-tuning later in the year.

Prices appear to be reasonably stable, especially on Japanese products. Any significant change in demand will have to be Government-induced.

It is a pity that the Government is concerned to modernise the New Zealand fleet.

Maybe Budget night will bring changes. Maybe we will see some sensible plans for rationalisation. Maybe there will be plans to reduce the total number of cars used.

A large increase in annual registration fees, say as high as \$200, would encourage private owner to reappraise their two-cars-plus status, which would reduce total mileage and demand for cars.

## FOURTH ESTATE SUBSCRIPTION SERVICE

To subscribe to or purchase any of the newspapers, directories or books published by the Fourth Estate Group simply fill in and post the coupon below. Please make out cheques as indicated. If two different companies are indicated for multiple purchases, please make out cheque to Fourth Estate Group, P.O. Box 9344, Wellington.

- (Please I where appropriate)
- ☐ I/We enclose \$25.00 for one year's subscription to *National Business Review*.
  - ☐ Please bill me/us.
  - ☐ I/We enclose \$14.50 per copy for ..... copy/copies of *Why Managers Fail*.
  - ☐ I/We enclose \$65.00 for one year's subscription to *The Capital Letter*.
  - ☐ Please bill me/us.

Name .....  
Address .....  
Occupation .....  
Signature .....

## Unusual Advertising Industry Opportunity

At their recent Annual General Meeting, the Association of Accredited Advertising Agencies decided to seek the services of an Executive Director.

Applications for this permanent position are therefore called for from high quality executives who have the following qualifications:-

- A deep and mature knowledge of the advertising industry.
- A clear understanding of the role of advertising agencies in the media/advertiser/agency mix.
- A belief in the importance of advertising and its role in our society.
- A dedication to the development of advertising.

Whilst it is felt that applicants of the highest calibre would wish to apply for this position on a full time basis, applications will be considered from people who would only be prepared to offer their services on a satisfactorily negotiated part time basis.

The total remuneration package for this position will, of course, be somewhat influenced by the standard of the individual applicants. Needless to say the financial rewards will have maximum appeal to the successful applicant.

Initial applications should be made, giving full career details, in writing, if goes without saying that applications will be treated in the strictest confidence.

Apply to the Association's confidential accountant:-  
Mr P.J. Macaulay,  
Hunt Duthie & Company,  
P.O. Box 2194,  
Wellington.



**"Relax...this won't hurt a bit!"**

**Philips Mood Music can't promise you that. But it will go a long way towards it!**

Music is a lot more than just nice sounds. When you need relaxing... it relaxes. It stimulates when that's what's needed. Music adds warmth to your environment. It subdues mere noise and puts it in its place. Today many commercial enterprises realise the value of functional background music. It's part of the retail strategy in many shopping centres, supermarkets and warehouses. It relaxes bank customers, patients in doctors' and dentists' waiting rooms, travellers in airports and hotel lounges. It cuts down the noise of typewriters, conveyor belts — machinery of all kinds.

MOOD MUSIC comes from Philips. It's a total system — easily installed either on location with your own cassette player and continuous-loop, 4-hour cassettes, or a continuous service fed to you on direct Post Office lines. And Mood Music is backed by Philips expertise and service all the way.

MOOD MUSIC from Philips. Choose the programme... choose the mood. It might boost your sales. It can relax your clients. It's almost certain to soothe your staff.



What will it do for you? Will you settle for knowing you've made a sound decision...?



Post this coupon for further information on Philips Mood Music to:

PHILIPS ELECTRICAL INDUSTRIES  
Mood Music Division  
P.O. Box 2097 Wellington P.O. Box 41021 Mt Albert Auckland P.O. Box 1488 Christchurch

☐ Please send me your Mood Music brochure  
☐ Please arrange for a representative to contact me

NAME .....

ADDRESS .....

TELEPHONE .....

Or simply telephone Philips Mood Music, Auckland 894-180, Wellington 859-859, or Christchurch 798-030 to arrange a consultation.

**We want you to have the best**

**PHILIPS**



# The best-laid plans of mice (a critique of New Zealand transport fuel strategies)

by Erich Geiringer

**SHORTLY** after World War II, it became clear that the days of unlimited and cheap petrol were numbered. But that was the last thing Western politicians wanted to hear.

When the Arabs spelled it out to them in 1973, therefore, it came as a tremendous shock. Harsh things have been said about OPEC, but in handling their only valuable resource the Arabs are only being reasonable. Indeed, the oil embargo and the sharp increase in oil prices in 1973 was probably the greatest service they could have rendered Western nations who otherwise would have spent at least another decade heedlessly depleting the oil resource without a thought for the future. The fact that many of them are doing exactly that can hardly be blamed on the Arabs.

In Western countries with large populations, extensive industrialisation and a paucity of hydro-electric and geothermal resources, the oil crisis translated itself into an energy crisis because oil was largely used for industrial purposes — particularly for the generation of electricity. As a result those countries began a frantic search for additional electricity and for new sources of natural oil.

However expensively, this would prolong the life of industrial systems which were too massive and complex for

THE first of a three-part series by Dr Erich Geiringer which questions the Government's fuel strategy. This week's article reviews the Government's performance from 1973-79.

rapid restructuring on a new energy basis.

But New Zealand was in a uniquely fortunate position. With hardly any population or industry to speak of, in relation to its ample hydro-electric and geothermal resources, and with newly discovered extensive fields of natural gas, we had — and have — no energy crisis.

All we were faced with in 1973 was a crisis in the economic supply of liquid transport fuel. And all we were required to do was to get rid of our dependency on petrol through conservation and substitution. (1)

This could have been achieved with considerable ease so that, today New Zealand could be independent of foreign oil.

What happened instead is incredible to relate. From 1973 to the beginning of 1979, under Rowling and Muldoon and egged on by electricity departments and power planning committees, New

(1) Only 31 per cent of our oil is used outside the transport sector. In West Germany, conversely, only 20 per cent of oil consumption is for transport.

Zealand was behaving as if our energy problem was identical to that of the United States or Britain.

Hardly anything was done to lessen our dependence on foreign motor spirits. Instead, vast amounts of energy, time and loan money were sunk into unnecessary electricity projects.

Hydro-electric plans were pushed ahead with full speed and our natural gas, which could have been used almost immediately as a substitute for motor spirits, was diverted into new thermal power stations.

HOWEVER sophisticated the arguments in defence of the hole-in-the-ground strategy may seem, the psychology is that of a person who plans his future by buying Golden Kiwi tickets.

While this 25 per cent excess of electricity was being put into place, our politicians and power planners were busy laying the groundwork for the next and most extravagant piece of insanity.

In 1976, we were told that

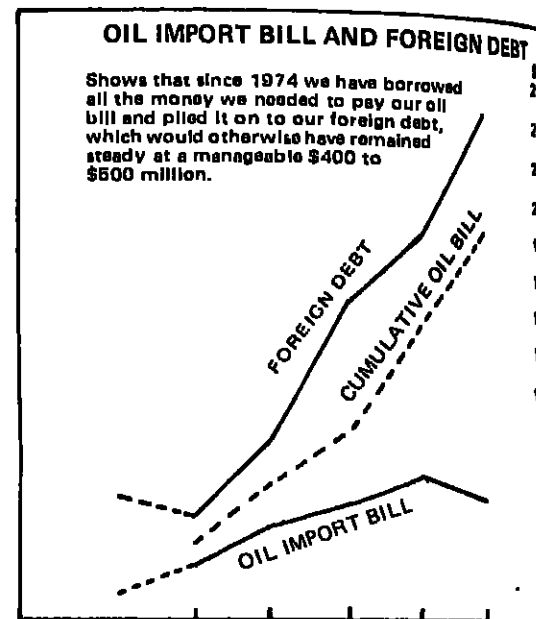
without nuclear power we would be in dire trouble and that the work on such stations had to begin, at the latest, in 1979. It took a third of a million ordinary New Zealanders and a lengthy Royal Commission to persuade the experts not to be so stupid; and had it not been for a fortunate economic downturn, it is doubtful whether even then the Government could have been persuaded to disregard the demerited advice of its technocrats.

After all, are they not still determined to drown the Clutha to save face?

During this prolonged period of insanity the question of motor spirits was not forgotten. But instead of doing the obvious — which was as quickly as possible to get out of a technological bind that was becoming increasingly economically and politically dangerous with every passing day — the Government, again in imitation of its big brothers, started to pour money into holes in the ground.

Where the Arab oil embargo of 1973 should have served as a warning to reasonable Governments to get out of petrol, it merely served to whet their appetites and awaken their greed.

However sophisticated the arguments in defence of the hole-in-the-ground strategy may seem the psychology is that of a person who plans his



future by buying Golden Kiwi tickets.

About \$25 million of public money has been wasted so far. The spending of \$60 million more is planned this year.

But the real tragedy is that hole-in-the-ground Governments don't get on with the politically thankless task of creating a new transport fuel base. They live in the hope that something will spurt up.

Something eventually might spurt up. But unless it does so at an economic cost (highly unlikely) AND in quantities which would make us independent for a long time

(equally unlikely), we derive more harm than good from remaining caught in an oil trap for another decade. (2)

(2) When the real comes, it is even worse than the hole-in-the-ground. Even big countries like Britain seem to have little benefit from the expensive new oil well reason (which would of New Zealand is that it puts up the value of the currency, which destroys the port trade.

## Zealand transport fuel strategies)

Although much of the blame for the disastrous energy policies of the 1970s must be laid at the door of bum experts, the hole-in-the-ground strategy has strong political overtones. It is part and parcel of the fast-buck philosophy which inspires our politicians.

Certainly, whoever happens to be Prime Minister when the latest hole-in-the-ground begins to gush, can count on being re-elected even if in the meantime, he should have suffered a bilateral hemispherectomy.

ALTHOUGH much of the blame for the disastrous energy policies of the 1970s must be laid at the door of bum experts, the hole-in-the-ground strategy has strong political overtones.

The beginning of 1979 therefore found New Zealand still 85 per cent dependent on imported motor fuel.

The cost, meanwhile, had increased enormously (see graph) and our increasing load of foreign debt was further

added to by the expenditures on unnecessary electricity projects and on holes in the ground.

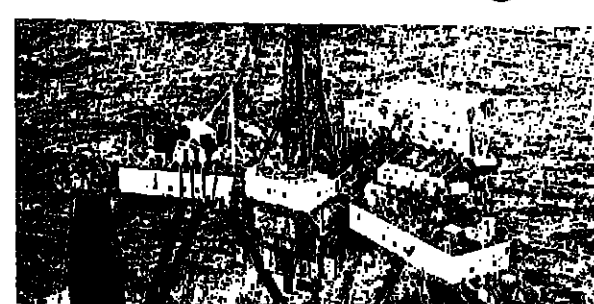
Water was spilling over the dams and we were beginning to look around desperately for people to buy our unwanted energy for the production of which we had got into debt and destroyed our environment. Not exactly a seller's market.

It would be charitable to say that 1973-1979 had been years that the locust had eaten. More accurately, though less elegantly, they were the years that ate the low costs.

These years were not simply wasted, they were busily employed to dig New Zealand deeper into the shit.

It was at that moment that the Shah of Iran came unstuck. Oil supplies were threatened, oil prices rocketed, and for the second time in a decade we were given an even more unmistakable warning to get out of petrol.

Have we learned our lesson? Certainly, some actions have been taken and great plans have been announced.



Energy resources... uniquely fortunate.

Whether these actions and these plans are appropriate for extracting us from our dependence on imported oil cannot be judged until we have taken a look at the nature of the trap in which we are caught.

IN the middle of his journey through a dark wood, a man stumbles into a trap. The trap is only moderately high, its walls slope outwards and there is enough wood at the bottom to fashion means of escape.

The man — not one to panic — has first a good snooze, then considers carefully how to get out with the least bother and injury.

With the help of a little trigonometry, he determines the height of the trap and sets about building a ladder just big enough to get him over the top.

He puts the ladder against the wall and discovers it is too short. How could this have happened?

He repeats his measurements and finds to his amazement that the trap is deepening at a fairly steady rate. Because he can tell how long it would take him to build a new ladder or extend the old one and allow for the rate at which the pit is getting deeper, he can lick the problem.

Working hard for the rest of

the day he carefully frees a number of rocks at one corner of the trap and transports them to another corner to serve as a platform — or extender — for his ladder.

There is a rumble, part of the bottom subsides and he finds himself deeper than ever in the trap and up to his waist in debris.

By this time he is very thirsty, very tired and very pissed off. The ladder and stones together will no longer be sufficient to get him out of the hole and, as he looks upwards, he can see that the configuration of the walls has changed. Where they had been sloping outwards, which would have given him a chance to scramble out under his own steam, there is now an overhang which will be most difficult to negotiate.

At this point he muses: "If I had known what kind of trap this is when I fell in, I would have wasted no time but clambered out immediately, even if it had meant torn fingernails and bloody knees."

A MAN faced with ever-in-

creasing oil bills can either stop using the stuff as quickly as possible or scrape up ever-increasing amounts of moolah to pay for it — the same as having a fitful snooze at the bottom of the oil trap.

That is what our politicians did for six years, during which they went around the world borrowing money to pay the mounting fuel bill (see graph).

Now, with a big flourish, we are being told that all this is going to change, that we have a plan which will solve our energy problems.

Remembering that our energy problem is only a transport fuel problem, let's look at the proposals for the sake of which we have suffered the National Development Act.

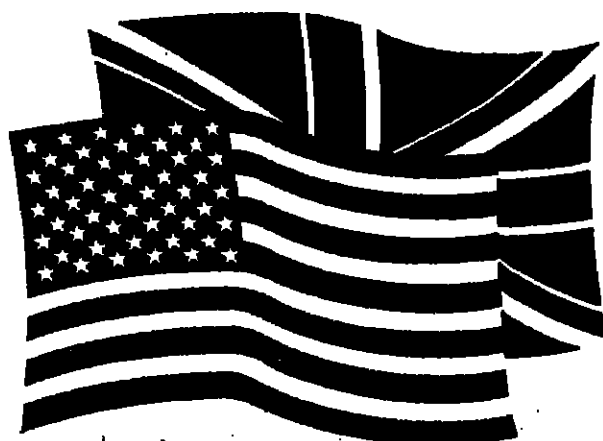
Most of the so-called energy projects in fact are proposals to sell New Zealand resource to make money to pay the oil bill.

Urea plants, steel mills, nickel smelters, aluminium smelters, ferro silicon plants,

Continued on Page 23

## UK/EUROPE VIA U.S.A.

### ONLY CONTINENTAL AIRLINES GIVES YOU A CHOICE OF 11\* U.S. GATEWAYS TO EUROPE.



At the lowest available airfares.

When it comes to Europe via North America, we think our local knowledge can give you a few points start.

Our special Statesman Service costs no more than the normal economy fare. Yet it gives you a lot more. Like free drinks and headsets for stereo and T.V./movies. Choice of window or aisle seat when available, preferential baggage handling, choice of at least two menus each meal. Three daylight departures

a week. VIP lounge facilities at Auckland, Honolulu and Los Angeles when available. Hassle-free Honolulu customs clearance and arrival in Los Angeles at our own terminal for over 100 Continental flights a day to over 40 North American cities.

Next time you travel to Europe come with Continental to the heart of our homeland. With 11 gateways to Europe to choose from, all America is yours.

- \* Anchorage
- \* Chicago
- \* Houston
- \* Los Angeles
- \* Miami
- \* New York
- \* San Francisco
- \* Seattle
- \* Denver
- \* Washington D.C.
- \* Dallas/Fort Worth



The Proud Bird with the Golden Tail.

## CONTINENTAL AIRLINES

U.S.A./Canada/Mexico/Hawaii/Micronesia/Australia/New Zealand/Fiji/Samoa and the Orient.

If you can't fly Continental, try to have a nice trip anyway.



## WE'LL GIVE YOU A GOOD TIME ... ANYWHERE IN NEW ZEALAND!

Hospitality is what it's all about at a DB Hotel. Friendly bars, great (licensed) restaurants, television, very comfortable beds, and, of course, first class room service. We do all the work, you just put your feet up and unwind.

If it's a working visit, we'll help you there, too. Whether a quiet dinner with your best client... or maybe even a full-scale conference, all you have to do is let us know. Then relax. We'll take care of all the details.

So whether you're travelling for business or pleasure, DB Hotels can provide everything you need. And if you're planning a conference of any kind, call 33-739 Auckland. They'll take care of EVERYTHING!

And always remember: you can book into any DB Hotel FROM any DB Hotel using our FREE Telex Reservation Service.



FOR RESERVATIONS CONTACT:  
AUCKLAND PHONE 33-739 TELEX 2828 WELINGTON PHONE 725-376 TELEX 5404  
CHRISTCHURCH PHONE 828-185 TELEX 4580 DUNEDIN PHONE 79-283 TELEX 5746



FOCUS ON NEW ZEALAND'S PRESENT AND FUTURE SHIPPING NEEDS

26-27 JUNE, 1980

OVERSEAS PASSENGER TERMINAL, WELLINGTON

Opening: Rt. Hon. R. D. Muldoon, Prime Minister.

1. (a) Has the move to containerisation been in the best interests of New Zealand?  
(b) Should more trades be containerised rather than shipped conventionally, or in unutilised form?
2. Should contractual arrangements with shipping conferences continue to be made?
3. Can New Zealand's interest be more effectively safeguarded by the inclusion of additional parties to shipping negotiations?
4. How can the rising trend in shipping costs and freight rates be arrested?
5. Is New Zealand really benefitting from present arrangements for cargo assembly and aggregation?
6. Should more emphasis be placed on regional development issues in determining port usage?

Prominent speakers including some from overseas will speak to these important questions. The answers are vital to New Zealand's trading future. It is in your interests to attend, listen and participate.

Full information and registration forms available from:

The Secretary,  
Your local Chamber of Commerce.

Closing date for registration: 3rd June 1980.

MP 104

Enjoy these 4 magnificent recordings for 10 days free!

# Tchaikovsky

Tchaikovsky's Symphonies Nos. 4, 5 & 6 and his Swan Lake and Sleeping Beauty ballet suites

on 4 stereo Lps or cassettes yours if you decide to keep them for only

## \$7.98

Plus \$1.65 delivery, handling and insurance.

As your introduction to the Classics Preview Series...

You are invited to preview these towering performances, complete on four records, or cassette equivalent, for ten days, entirely without cost or obligation to buy. If, then, you decide to keep them, all four records or cassette equivalent are yours for much less than half of what you would normally pay for them in the shops.

Here is your opportunity to hear stunning recordings of Tchaikovsky's three major symphonies in sensitive recordings by a pre-eminent Russian conductor - and to hear them in Deutsche Grammophon's incredibly lifelike sound. The four stereo records will be top-quality, silent-surfaced pressings manufactured to the highest standards, and are presented in a handsome, protective case. The cassettes are also of the highest quality.

This preview offer is strictly limited. Please complete and return the coupon today. Listen to the recordings for ten days. Then either return them and pay nothing or keep them for only \$7.98 plus \$1.65 delivery, handling and insurance charge, saving yourself much more than 50% of the price that you would expect to pay in a shop for comparable recordings.

### Preview the greatest recordings - FREE

The Classics Preview Series is dedicated to bringing you great classical music in outstanding performances. Every recording is offered on 10 days free approval. There is no minimum number of recordings you must buy, and you may cancel your membership at any time.

You will receive a free copy of the Classics Preview Series, magazine approximately every eight weeks. Featured in each magazine will be a Selected Recording which has been specially chosen for its outstanding merit by the Classics Preview Series Committee. If you want this recording do nothing and it will be sent to you. If you want another selection, or nothing at all, just tick the order form supplied and return it to us by the date shown.

Each magazine will also show great alternative selections - record and cassette sets, single recordings at \$6.98 and a list of bonus recordings at \$4.98.

### Members Bonus Plan

For every recording purchased at \$6.98 or any multi-set, you may choose another recording from a specially selected list and buy it for \$4.98 plus a small postage, handling and insurance charge. These recordings would normally sell at the recommended retail price of \$8.50 to \$8.99.

If you love good music and appreciate great recordings, complete the coupon now and post it today!

**Classics Preview Series** Wexford Road, Miramar, Wellington

Deutsche Grammophon's celebrated edition of Tchaikovsky's fourth, fifth and sixth symphonies played by the Leningrad Philharmonic Orchestra conducted by Yevgeny Mravinsky. Together with these are the famous recordings of Tchaikovsky's Swan Lake and Sleeping Beauty ballet suites by Herbert von Karajan and the Berlin Philharmonic Orchestra.

## TCHAIKOVSKY

LENGRAD PHILHARMONIC ORCHESTRA  
YEVGENY MRVINSKY



Your guarantee of Quality

### SEND NO MONEY ORDER FORM

Please send me the Tchaikovsky symphonies and ballet suites as described for only \$7.98 plus \$1.65 delivery, handling and insurance.

### 10 DAYS FREE HOME TRIAL!

Send no money now, we will bill you later.

#### I understand that:

- The Classics Preview Series will offer me a Selected Recording approximately every eight weeks, together with alternative selections.
- This is a continuing order for the Selected Recording featured in each magazine.
- I may cancel the continuing order for the Selected Recording at any time.
- All Selected Recordings will be described to me in magazines sent well in advance of shipping dates. If I do not wish to receive the Selected Recording in any magazine I will tick the No Selected Recording box on the order form and return it by the date shown. The choice is always mine!
- The Classics Preview Series' current price for single records/cassettes is only \$6.98.
- Prices are subject to change. Notice of any such change will be given in good time.
- For every selection I buy at \$6.98 or any multi-set I buy, I am entitled to purchase on record/cassette of my choice at \$4.98 from any single recordings featured in the magazine.
- There will be a small charge for delivery, handling and insurance on selection.
- I am free to cancel my membership at any time.

Name Mr. Mrs. Miss

Address

Please enter my name as a member of the Classics Preview Series and note that I wish to receive

records ☐ cassettes ☐ Tick one box only.

Signature

This coupon must be signed. If you are under 18, your parent or guardian must sign.

Post this form to:  
Classics Preview Series,  
P.O. Box 793,  
Wellington, N.Z.

Allow up to 21 days to receive your order.

NOT AVAILABLE IN STORES

## Business confidence

### Survey predicts higher interest rates

by Peter V O'Brien

THE Institute of Economic Research's latest Quarterly Survey of Business Opinion had bad news for people expecting a decline in interest rates this year.

Discussing survey results for the services sector, the institute said almost all respondents expect to charge higher interest rates during the next 12 months.

Among finance sector respondents the shortage of finance is a more important constraint on activity than for the service sector generally, "being cited as the main constraint by 30 per cent of respondents, compared with demand by 42 per cent".

The survey was compiled before the Government announced higher public sector rates on life offices, and finance companies, so there

may be a later reaction to the policy changes.

(There is probably an interaction both ways between business expectations and official policy. The former change as policy develops, while the latter can be assumed to take some account of expectations, to the extent that they are a mirror of business confidence).

The service sector's reaction, particularly the finance sub-section, may be another upward movement in interest rates. Finance Minister, Rob Muldoon answered the Finance Houses Association's comments on higher rates by arguing that their action in raising interest rates was a major reason for their credit expansion, and the consequent increase in ratios.

That may be so, but it is logical to expect greater competition for the public's funds

for two reasons.

First, investment in public sector securities gives a lower rate of return than the finance companies' lending business. At the same time the companies have to receive a margin between their borrowing and lending rates. If a higher proportion of borrowings are invested in the public sector, the gap between that return and the amount payable on the borrowings decreases. Consequently, the return on the balance must widen to preserve the appropriate overall margin.

Secondly, if a shortage of finance is a high constraint on activity, and more of the available finance is held "captive", the shortage is aggravated. The appropriate reaction is to lift the borrowing rate to overcome the shortage.

A rise in public sector rates, returning a negative rate of interest, can have an effect

which is opposite to the Government's intention, when these two factors work together.

A body of official opinion is understood to favour abolition of ratios, with the Government competing on the open market for investment at realistic interest rates. The political implications of the resulting interest rates (which are a symptom rather than a cause of economic problems) apparently overrule that approach.

The survey results from architects and builders are pessimistic. Both sections expect a downturn in activity in the next year.

"Almost half the respondents (in the building section) expect reduced investment approvals for building during the next 12 months and, a third, reduced investment in plant and machinery".

Few architects expect any

increase in activity, and the balance are fairly evenly divided between those expecting no change and those expecting a decline.

Respondents in the various sections of the manufacturers' sector answered the survey in line with the public's overall knowledge of their activities. Clothing and footwear, currently depressed as shown by retail and production figures, reported orders well down in the last three months, although output rose slightly and export sales growth was even more widespread.

"Most respondents expect reduced investment, most cite a shortage of orders as the main constraint and almost half expect deteriorating general business conditions", the institute said.

Furniture and furnishings, on the other hand, show more stability, although more than half the respondents expect

the general business situation to deteriorate.

Apart from its value as an indicator of activity, the quarterly survey can have a compounding effect on business confidence.

The institute summarised replies from 445 respondents, but there are many more entities outside the scope of the survey.

Those businessmen either read the overview published in the dailies, or they may look at the sectoral implications which are discussed here every three months. Others read the full survey.

Examination of replies from people operating similar businesses will have some effect on the overall reaction to economic and business conditions. To that extent, and subject to changes in policy, the responses published in the survey can lead to self-fulfilling prophecies.

### Special feature

Continued from Page 21

methanol plants fall into this category.

Instead of borrowing money to pay for oil, we shall sell off our belongings to pay for it. The result, in either case, is that our wealth flows abroad.

Such exercises will make us poorer. They won't solve our oil problem.

I have often observed similar behaviour in alcoholics. At the start of a drinking bout, they frantically borrow from anybody who comes near them. Later they start selling the furniture.

The difference between these policies and those pursued during 1973-79 are purely cosmetic. The rate of increase in our foreign debt might slow down, but the rate of alienation of our wealth will increase. What we used to lose on servicing debts we shall now lose on expatriating profits.

In addition to this financial loss, the colonisation of New Zealand by foreign industrial concerns will have adverse environmental, social and political effects. It will make this a less pleasant country to live in.

But such considerations apart, these policies are designed to save the Government from having to take effective action to solve the transport fuel problem.

Since our need for petrol, if anything, will be increased by these industrial ventures, they will tie us more firmly into the economic and geo-political tangles which beset oil-dependent nations.

It is not as if these enterprises held out the hope of a foreign exchange bonanza. Everything that has been involved so far taken together and, some of these projects

are mutually exclusive) would not come anywhere near earning enough foreign exchange to pay for our oil bill.

It is important that New Zealanders should not allow themselves to be confused. Selling electricity, coal or methanol to the Germans and Japanese is not an energy policy (3). It is just another way of putting money into the pockets of the oil merchants.

In fact, it is worse than borrowing because, intelligently used, the very resources which we are selling off could make us independent of imported oil. In addition, debts may be paid off eventually. But to get a Comalco, a Hunt Petroleum, a BP or a Mobil off our back once we have signed on the dotted line would require a revolution. To dismantle the industrialism which they would introduce will be altogether impossible.

SELLING electricity, coal or methanol to the Germans or Japanese is not an energy policy. It is just another way of putting money into the pockets of the oil merchants.

The idea of pouring our wealth into the bottomless pockets of the oil trade has been rationalised as follows: "New Zealand's availability of energy resources is such that adding value and exporting some of these reserves to offset the costs of oil imports may be the most economic alternative for the country".

This disinterested advice comes from Gary J Bowler, manager of the planning and management service, BP(NZ) Ltd.

For this to make sense, the price of aluminium, nickel and so on would have to rise at a substantially faster rate than the price of oil - a contingency which Bowler probably would not wish to put any money on.

(3) "Selling" is hardly the right word. In July 1979, well after Iran had become a full accomplice, Comalco announced it would not expand its smelter. Now, less than a year later, it wants to triple its smelting capacity. This admits of only one rational explanation. Comalco has received the nod that we are willing to give away our electricity at below cost price.

Next Week: Part 2 - The methods

**BRIGHT IDEA:**  
the Reidrubber walking stick tip that keeps you on your feet.

Some years ago, a disabled person, Mr R. S. Higgenbotham had a simple, yet brilliant idea. With each step, walking sticks (and crutches) tended to jar the person using them. On wet or smooth surfaces they could easily slide, causing further injury. Solution? A flexible rubber tip. Reidrubber helped design the prototypes to the specified safety and comfort requirements. The 'Sherpa' Tip manufactured by Reidrubber is today standard safety equipment wherever walking sticks and

crutches are used. If you have a problem with your product or components let Reidrubber come up with the solution. Better still, see us in the design stage. This is where we could save you big money. Reidrubber are specialists, with decades of experience. We're full of bright ideas that really work, and they're yours for the asking.

**FELTEX RUBBER**

Reidrubber Industrial Products and Plastics Advisory Service, Private Bag, Auckland. Phone: 699-546. P.O. Box 10-405, Petone, Phone: 688-180. P.O. Box 10-970, Christchurch, Phone: 681-180.



# The politics of cancer: balancing extremist views

by Belinda Gillespie

CANCER has become a political issue. The environment in general, and certain occupations in particular, are loaded with apparently hazardous substances which increase chances of getting cancer.

Environmental pressure groups, trade unionists, and political parties find it useful to shout Government, business and the health establishment with the carcinogenic properties of the substances which various activities release into the environment. Though cancer is not the only health issue at stake, it remains the watch-word at which everyone is bound to sit up and take notice.

Rizure calculations are made, and scientists — generally rational men — defend their pet products in a manner which causes confusion and disarray among the uninformed.

The Dow Chemical Company, for example, has stated that "the probability of 245-T causing cancer is much less than from drinking diet soda or eating peanut butter. Specifically, the risk of contracting cancer from 245-T calculated for a backpack sprayer working five days a week for 30 years is about one chance in 2,500,000. The risk is about 1/25 the risk from drinking one diet soda per day (exposure to saccharin), and 1/100 the risk from eating four tablespoons of peanut butter per day (exposure to aflatoxin)."

But, on the basis of Swedish studies linking 245-T to cancer, Drs Tord Kjellstrom and Allan Smith have suggested in the *New Zealand Medical Journal* that "the existing data would seem sufficient for action to be taken to prevent excessive exposure."

Those involved with spraying should minimise their contact with the chemicals they work with," according to Smith, though "it is most unlikely that the non-spraying public would have a detectable increase in cancer risk."

Those who are about to spray their blackberries with diet lemonade might turn to the thoughts of food scientist Magnus Pyke, who spoke to New Zealanders of the risks of saccharin.

"If further experiments should confirm the findings of the 1977 Canadian study of rats fed a diet of 5 per cent saccharin, and if the effect of such an enormous intake in rats should also be found to apply to people — a bottle of saccharin-sweetened beverage would reduce life-expectancy by 20 years divided by 60 million. This works out at nine seconds."

While peanut butter manufacturers have so far remained silent, they could no doubt calculate that eating peanut butter sandwiches is less risky than drinking fluoridated water or eating nitrite-cured bacon.

In an ideal world, someone said, the political response to the fact that certain agents in the environment increase cancer risk, would depend on the sum costs of the various possible measures of control, and on how many cancers each such measure would prevent.

In the real world, estimates of cost differ greatly — some may be grossly exaggerated, and some entirely overlooked. And there are no remotely reliable estimates of the number of cancers which particular controls would prevent. This gives great scope for pressure groups to have a big influence on public policy.

Historically, the popular view is that "big business" has always put financial advantage before human health. A current example is the massive sales drive in the Third World by the major tobacco companies.

About one person in four regular smokers dies prematurely, according to *Nature* (the British scientific journal), and the new marketing effort, if successful "will kill millions of people."

Where other industries have been found to cause cancer, according to *Nature*, their immediate response has usually been to delay acceptance of the findings, to minimise their relevance, and to delay or obstruct hygienic measures which will cost money.

*Nature* gives the new British Government asbestos regulations as an example where industrial consortia have lobbied for controls "so weak that they leave no reasonable safety margin."

New Zealand trade unionists have argued that our asbestos regulations are similarly weak.

For decades scientists argued that there was a "threshold" dose of carcinogens, below which absolute safety could be guaranteed. This has been abandoned as understanding of the causation of cancer has improved.

Industry now uses arguments — where, according to *Nature*, the biological fallacies are better concealed by the mathematics — that thousand-fold reductions in doses will produce a million-fold or some other enormous reduction in risk.

Though many industrial scientists and managers are genuinely concerned with safety, the past has given so many examples of financially motivated bias that "the motives and work of industrial scientists and consultants are inevitably distorted," said *Nature*.

Industry and the environmentalists have polarised, industry arguing for the irrelevance to man of animal cancer tests, or the quantitative hazards, and exaggerating the costs of control.

The environmentalists exaggerate the likely hazards, and are indifferent to the costs of control — the situation is epitomised in the current



Magnus Pyke... life-expectancy calculations

245-T controversy, where industry, the Agricultural Chemicals Board and the Health Department have tended to dismiss all the "unscientific" objections to the herbicide, while the op-

position refuses to recognise its positive benefits and uses largely emotional arguments against it.

"The politics of cancer is dominated on both sides by exaggeration," said *Nature*, spelling out three major areas of contention.

First, we are not living in an era of rapidly increasing cancer rates. But in the last quarter-century, while cure rates for the major cancers have not improved much, trends in recorded cancer death rates are biased upwards by improvements in medical care and cancer counting.

The majority of human cancer is probably not caused by chemical and physical agents in the environment, and could not be prevented by their testing and regulation.

Though cancers of the industrialised world — lung, breast and large intestine —

are rare in other countries, they "probably are preventable, but not necessarily by regulation of any environmental pollutants or food additives," claimed *Nature*.

The amount of cancer attributed to occupational causes has probably been exaggerated — predictions of the number of deaths in the hazardous asbestos and nickel industries, for example, have proved unsustainable.

But these exaggerated estimates, according to *Nature*, "are so much what many people want to believe of modern society that they have now achieved a life of their own."

While criticising industry for its reluctance to bring in reasonable controls, *Nature* stated that environmentalists would be better respected, and could more effectively press for controls:

• If they did not overstate

their case in regard to industry;

• If they looked at the control of the major dangers of cancer, rather than the multitude of sins;

• If they discussed toxic substances — such as diet and tobacco — in the context of improving diet and tobacco use;

• If they took the imposing restrictions seriously;

• And if they accepted uncertainty of the health benefits of new toxic chemicals.

On the other hand, it is argued, "it may be that adversary politics opens needs views at both in order to get a better outcome," and that the emphasis on the scientific error "emasculate the emotional passions" and lead to inactive conservatism.

European Inspired  
**FORD FALCON**  
an entirely new class of car!

For a hundred bucks a day he tells me to take good care of myself!

## Construction industry

# Concrete proof of construction industry recession

Christchurch Correspondent

THE slide in profitability of Christchurch-based New Zealand Cement Holdings Ltd in the last six months, was a stern testimonial to the rugged times in which the construction industry and the cement manufacturers find themselves.

The cement industry appears to be symbolising the malaise facing the country in the years leading up to the age of large new energy projects. The problem is one of working at "half-speed". The industry operated at only 55 per cent of capacity during 1979, with cement production tumbling 32 per cent since 1974.

The natural gas projects will require more steel infrastructure than cement and are no panacea.

The financial figures are stark. New Zealand Cement

dropped from a \$597,000 net profit in the six months to January 1979 to \$35,000 in January 1980 (interim result).

In the July year to 1979 the company had experienced a minor 5 per cent fall in net operating profit to \$1,097,000 from \$1,156,000. Undoubtedly the latest result came as a shock to shareholders.

New Zealand Cement had warned shareholders that sales tonnage was less than forecast. But ironically NZ Cement had increased its market share and cement sales tonnage (to 155,670 tonnes) over recent months, which suggests rival manufacturers might be more adversely affected in terms of demand reductions.

The 1978-79 economic recovery had little reflection in new buildings in most areas of the country.

New Zealand Cement op-

erates plants at Cape Foulwind, Westport, where the 455,000 tonne capacity has been utilised 50 per cent over the past year, and Dunedin where the 120,000 tonne capacity plant has operated at higher levels. Its two plants between them produced the greatest quantity of cement in the country — 286,000 tonnes in the 1979 calendar year, compared to Golden Bay's 193,000 and Wilsons' Cement's 273,000.

Wilson's has a 400,000 tonne capacity plant at Portland, Whangarei, which services the Northland, Auckland, Poverty Bay, Bay of Plenty, and Hawkes Bay regions. It has been able to sustain output at 68 per cent of capacity although it had been losing its market share to New Zealand Cement in the Waikato, where the southern company has established a new depot in

Hamilton. Wilsons is 50 per cent jointly owned by Golden Bay and Winstones Ltd. Golden Bay operates a 400,000 tonne capacity plant at Taranaki, and during 1979 its utilisation was round 48 per cent.

New Zealand Cement appears to be the most aggressive marketer securing 38.1 per cent of the market in the 1979 calendar year, compared with Wilson's 36.3 per cent from 273,000 tonnes and Golden Bay's 25.6 per cent from 193,000 tonnes.

Selling cement into the Auckland area from Westport had been the key to the market superiority.

The key to the future should be cement exports, specially when soaring domestic costs which eroded interim profitability included distribution expenses.

Sources suggest that the

price of cement per tonne is one third distribution cost. Once landed in the Auckland market Westport cement also faces the problem of demand contracting at 35 per cent over the past five years.

The Auckland ready-mix market is believed to be down 50 per cent since 1974. New Zealand Cement does not market in Wellington.

The recession has apparently taken longer to be felt in the capital's construction sector than elsewhere in New Zealand. Golden Bay has a monopoly of the business from New Plymouth to Wellington.

Manufacture of rapid hardening cement started at Westport (after earlier development at Burnside) in 1978-79. Its debut in New Zealand Cement's Auckland marketing was understood to have aided higher sales in the North Island.

Export sales began with a trial shipment to Papua New Guinea from Westport in 1978-79. Sales to the Pacific face strong competition. Previously this activity has been a limited one for New Zealand Cement — the harbour bar at Westport was as much a deterrent as anything else.

The company is believed to have examined the prospects of expanding port facilities at Westport but appears to have chosen, as an alternative, the upgrading of the Pictou port, in conjunction with the enterprising Marlborough Harbour Board, to enable the export of cement on large vessels. Cement will be shipped from Westport by small vessels to Pictou for on-loading overseas. Capital development costs are to be assumed by the harbour board.

Export growth could be vital because of financial factors. Allowances which mitigated against tax payments over recent years have now expired but export incentives could fill the gap if export sales soar this year.

Apart from export sales, the accounts to July 1980 will reflect the level of exchange fluctuations.

The former chairman, now Mr Justice Cook, told shareholders at the November annual meeting that realised and unrealised exchange losses at \$576,000 were considerably higher than in 1977-78 and would be a continuing factor to be reckoned with. The 1979 second-half performance included adverse factors such as the New Zealand devaluation. Since then the dollar has steadily depreciated.

The 1979 Budget included the provision for companies to assume forward exchange cover and this was taken up by the company. But exchange losses in this month's interim report still ranked at \$398,000 on overseas loans written in American dollars and West German marks.

Export tonnage is one of the major factors in the healthy rise to 155,670 tonnes sold in the January half year.

The profit drop reflects not only sagging domestic demand but also the dilemma of being under price control which stunts the full benefits of rising consumption during internal buoyancy and, when output is falling, permits price increases in excess of cost increases because of adjustment for fixed costs. The industry is reluctant to seek them because increasing cement prices would deepen the downturn. Caught in this dilemma last year, New Zealand Cement

was reluctant to raise prices, in view of the poor state of the building industry, until it had no choice. The price increase will assist results in the final quarter of the year.

Cement prices are set on a market leader basis. In Auckland the price is based on Wilson's and Golden Bay worked virtually on an allocation basis and production levels were high with demand coming from such areas as the Huntly and Waitaki power projects.

There is now a lag period until the new energy projects occur. They will not create the demand levels of the hydro-electricity projects of the past and hopes of a concrete Maui B platform are virtually shelved. Downstream work will eventuate from the energy developments starting in the mid-1980s.

The cement industry traditionally requires total capacity when the economy steps up and could be under pressure by 1983 — the same time that NZC plans to commission a new works at Weston, Oamaru, costing \$90 million on latest estimates. It will have a 500,000 capacity and replace the Burnside works, housing New Zealand's total capacity by almost 30 per cent.

Reminding potential critics of the need to foresee periods of economic expansion, NZC directors have cautiously moved forward the plans for the big new works to the point of calling tenders for major items of equipment.

NZC purchased adequate cost deposits for the fuel requirements of the new works and planning is being undertaken, with Swiss experts Holderbank NZ, a Swiss-Australian shareholder with 42 per cent of NZC capital. The Oamaru deposits have been known since the 1950s, when the old Milburn company located them.

NZC began to have take-over talks with Milburn after five years of operation and since the "merger" has been operating Milburn's old Burnside works and its own modern Cape Foulwind works, where capacity precluded any need to further develop the Oamaru deposits.



"Do you do an executive's Poughman's lunch?"

## ECONOMIST

Preferably in 25-35 age group with background experience in agriculture or forestry to work on N.Z. and overseas projects.

Applicants should send details of qualifications and experience before 20 May 1980 to:

P.F. Olsen & Co. Ltd.,  
Forest Consultants,  
P.O. Box 1127,  
Rotorua

## THE POSITIVE SOLUTION TO SHRINKING CAR VALUES!

The claim — An entirely new class of car!  
The promise — The Positive Solution to Shrinking Car Values. The car — European Inspired Ford Falcon.

Take a look around — car values are shrinking. Performance, style, comfort and room are being reduced while the money you pay skyrockets. But there's a positive solution. European Inspired Ford Falcon featuring the unique Ford MSU (Maximum Space Utilisation) design concept. The car with a smaller body-shell, but a dramatically larger interior.

Now there's absolutely no need to compromise on space, luxury or performance. Because the pure inside and out efficiency of Falcon provides motorists with an entirely new class of car... and an entirely new class of total ownership economy.

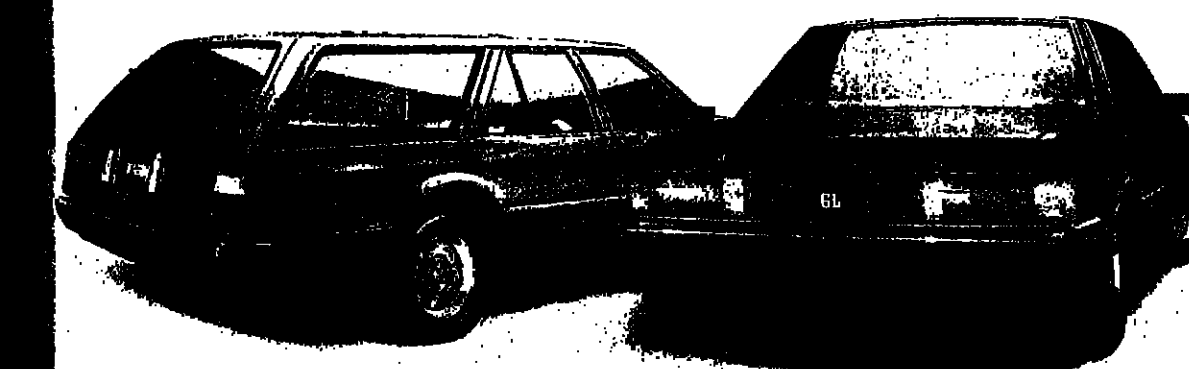
New Falcon boasts a range of sedans,

wagons and utilities with efficient 6 cylinder engine/transmission options that allow you the luxury of economic driving, comfort, room to move and up to 9.11/100km (31 mpg)\*.

\* Source: "New Zealand Motor World"; from economy run and road test returns for unladen, 80 km/h maximum touring conditions.

And when you think that the distances you travel aren't getting any smaller — it's pretty comforting to know there's at least one car company putting the miles behind you in style.

If you're concerned about shrinking car values, forget them. European Inspired Ford Falcon answers the questions for today. And the possible questions of the future for those whose lifestyle cannot afford to forego the wide open spaces. Your Ford Dealer will give you the keys. European Inspired Ford Falcon.



**FORD FALCON**   
an entirely new class of car!  
**Drive ahead with Ford**

Ford Motor Company of New Zealand Limited. Specifications and prices subject to change without notice.

# Scientists' exotic plant work begins to bear fruit

by Belinda Gillespie

THE pot of gold at the bottom of the kiwifruit vine could turn up at the roots of some other plant, if DSIR work on sub-tropical fruits lives up to its promise.

Under a new crop scheme which has been going in Auckland for the last two years, the DSIR invites annual applications from growers who want to test-grow experimental crops on a semi-commercial basis.

From the applicants for each crop, one or two are chosen to put in a quarter-acre experimental plot, "so we can see any problems on a bigger scale," according to researcher SN Dawes, of the DSIR's horticultural and processing division.

Crops now on trial include sour cherries, prunes, casahuate and red guavas, and a trial on

macadamia nuts is planned to begin in the near future.

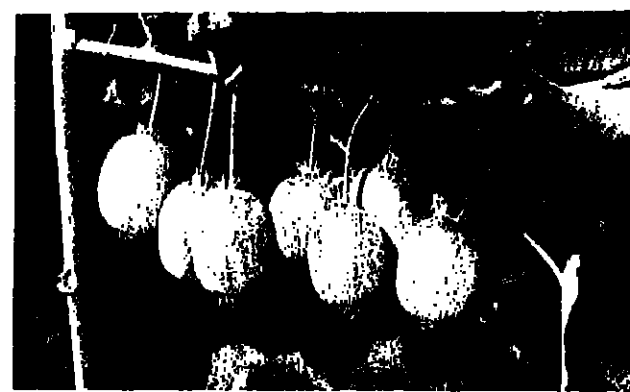
The small-scale commercial trial is generally undertaken by growers with a strong base in a crop, such as kiwifruit, before the new crop is thrown open for anyone to have a go.

It is the final stage of the DSIR's long process of testing and propagating new plants which are thought to have commercial potential.

Fruiting plants from the high-altitude tropics are Dawes' particular interest. These areas have a zone of temperate climate very much like that of New Zealand.

These regions have given us important crops such as kiwifruit, tamarillos, and feijoa, "but there is great scope for further introductions," Dawes said.

Tamarillos, feijoas and purple passionfruit all come



Kiwifruit... just one of the golden opportunities from sub-tropical fruits.

from mountainous areas in South America; avocados are native in the highlands of Mexico and central America.

The kiwifruit, was developed from a wild plant which grows at high altitudes in South China.

The Latin American high-

lands are considered a particularly good source of plants, and the DSIR in Auckland has several species at different stages from seeds through to fruiting plants.

Among the furthest forward is the casahuate, introduced from Ecuador by orchardist Dick

Ent.

The fruit is related to the tamarillo, but more elongated, yellow when ripe, with a peach-like flavour.

The first locally grown fruit were available last year - but it remains to be seen whether the crop will be commercially viable, or remain a home garden novelty.

The plant has further possibilities for breeding to produce improved strains of tamarillo.

The cherimoya, related to the Australian custard apple, is well-established in the Tauranga area, but is not yet grown commercially.

The heart-shaped or conical fruit range in weight from 200g to several kg, and have white, juicy flesh and flavour described as similar to pineapple and banana.

Cherimoya "could be particularly useful as a fresh fruit in New Zealand as they ripen in spring and early summer when there is little fresh fruit available," said Dawes.

The babaco, a member of the papaya family, will be important, Dawes predicts. He brought cuttings back from Ecuador in 1973.

Up to 1.3 kg in weight, with "crisp, pleasantly-flavoured flesh," the babaco grows and crops well under New Zealand conditions, Dawes said, and

"only the slow job of commercial development."

Near Gisborne, Wairarapa, put in a crop of the papaya, a bushy perennial which produces large fruit similar in flavour and uses to the red-meat.

"All the characters needed for a commercial culture are present, and we are doing a preliminary trial to see if it will give high yields of quality fruit. It would be grown as an annual mulch, a dwarf tomato with the summer/autumn period," Dawes said.

Other fruits named by Dawes included the tamarillo, with small, orange, used to make drink, and sapote, with green, yellow and white varieties, the jaca, which has small, "with an agreeable wine-like flavour," and the pitaya, ten known as the Brazilian cherry-tree.

They represent only the potential fruiting zone from the appropriate zone in the South American highlands, according to Dawes.

"We must endeavour to increase the rate of introduction of plants from these high-tropical areas, from which we can expect important crops of the future," he

## Electroplating waste saved by ion exchange

by Warren Berryman

ELECTROPLATERS are well aware that thousands of dollars worth of precious metal goes down the drains as liquid waste each year.

Rising nickel prices have doubled the value of this loss over the past two years.

The Department of Scientific and Industrial Research has proved a method of recovering and reusing this metal from electroplating rinse tank wastes with a \$300 unit.

The ion exchange unit used for treating liquid waste has the added benefit of reducing the environmental risk of poisonous substances in trade wastes.

The DSIR initiated its research at the request of the Metal Trades Finishing Group of the Auckland Manufacturers' Federation two years ago.

A joint research programme was set up between the DSIR, Universal Electroplaters Ltd and Processed Chemical Industries Ltd.

Universal Electroplaters expected to save \$1000 worth of nickel a year after the system is fully installed.

The DSIR considers the ion exchange system suitable for this country's small and fragmented electroplating industry.

The ion exchange unit can be rented or bought outright. It also extracts other metals such as cadmium and zinc.

In 1978 the DSIR surveyed Universal's Electroplating works. At nickel prices then prevailing the plant was losing \$5000 down the sewer each year. At 1980 prices this loss would amount to \$10000.

With ion exchange plants connected to only two waste tanks \$3000 is being saved and all other costs reduced.

With the complete system installed the full saving of \$10,000 will be achieved.

The DSIR believes the system could benefit other industries such as metal finishers, and the waste industry, to purify their liquid wastes.



Ion exchange system... DSIR recommended it.

May 12, 1980

## Plastics

# PINZ conference: developing positive approach

THE Plastics Institute recently completed its first true annual conference, and PINZ President John Mason can look back at conference proceedings and feel proud of the institute's achievements during his six months as industry leader.

Debate on the advantages of previously-held six monthly industry meetings continues, but Mason correctly summed up the general feeling at the conference by stating: "this has been the best and most productive conference the industry has had".

## Liaison strengthens Tasman link building

NEGATIVE attitudes to plastics are being corrected by close ties between the industry on both sides of the Tasman, members at the PINZ conference were told.

Addressing the national conference, the national director of the Plastics Institute of Australia, Bob Leschen, told delegates that the excellent work relationship established between the New Zealand and Australian plastic institutes have helped to overcome "potentially damaging negative attitudes" towards plastics.

Leschen was brought out to New Zealand to address the conference on the role of the PIA in Australia.



Bob Leschen... society without plastics would collapse

He cited as an example of the relationship the work New Zealand industry has done on plastics litter control and disposal, specially in Auckland, and the use the Australian institute was able to make of it at a time when environmental issues concerning plastics dominated newspaper headlines.

The study here helped to put some of the issues into proper perspective, Leschen said.

He said working together had helped to deepen public understanding of the role of plastics in today's society. "If plastics were taken out of life today," he said, "society as we know it would collapse".

He told delegates that if the synthetic input to clothing was taken out, more than twice the usual amount of natural rubber compound currently used world-wide would be needed just to satisfy the American tyre market alone.

Leschen said there was virtually no limit to the future use of plastics.

The industry is soundly based, and plastics manufacture represents the best value-added use of oil or natural gas. He gave examples of the gas burned in a heater, or the petrol burned in a car engine. The same amount of gas or oil required to produce limited benefit in these situations, would have a three-to-four times added-value if used to produce plastic products.

THE editorial content for our pages on the plastics industry is prepared by David Peach in association with the Plastics Institute.

He attributes this to a number of factors. He said the industry has finally "come of age" - emerging as an industry vital to the country's economy, something he believes the current industry study will confirm.

Mason said the establishment of industry sector workshops, a new innovation at the

conference - has paid huge dividends.

The general feeling was that the workshops provided for freer discussion of key issues and their format encouraged full participation.

The usefulness of the group sessions was apparent when discussions were reported back to main conference.

Concern for key issues was given greater perspective and the groups made constructive efforts to develop a positive

planned approach to the future.

The IDC study was a common theme through all sector group discussions which highlighted the importance of the industry places on it.

Raw material supplier Brian Pickering voiced the need for the IDC to have a correct view of the role supply houses have in the industry. Murray Seaward, representing the flexible packaging group, warned that every effort should be made to ensure the industry study did not turn out to be a tariff inquiry only.

The institute continued to urge individual companies to make submissions to the IDC to reinforce sector ones.



John Mason... plastics industry has "come of age"

## Henry H. York has the right plastics raw materials for your product...

...from



## Material

Polyethylene, LD & HD  
Polypropylene, homo  
Polysobutylene  
Polystyrene  
SAN  
ASA  
ABS  
PVC  
Polyamide, 6 · 6 · 6 · 6 · 10  
Polyacetal  
PBT  
UP-resins  
EPS

## Product

Lupolen  
Novolen  
Oppanol  
Polystyrol  
Luran  
Luran S  
Terluran  
Vinoflex  
Ultramid  
Ultradur  
Palatal  
Styropor

## Polyurethane Systems (ELASTOGRAN)

Elastoflex  
Elastoflex  
Elastoflex  
Elastoflex  
Elastoflex

**BASF—ready, willing and able**

...from



## Material

Ethylene/Vinylacetate copolymer  
Thermoplastic Cellulose Ester  
Polyamide, 6 · 6 · 6  
Polycarbonate  
ABS  
Polyethylene

## Product

Levasint  
Cellidor  
Durethan  
Makrolon  
Novopur  
Baylon

## Polyurethane Systems

Bayfil  
Bayflex  
Baytherm  
Desmopan  
Baydur  
Desmodur  
Desmophen



**thinks of tomorrow...today**

CONTACT

**Henry H. York & Co. Ltd**

Marine Parade, Patons, PO Box 38405

Also at Auckland and Christchurch

A wholly-owned subsidiary of BASF Aktiengesellschaft and BAYER AG





# Possible polythene production from Petrocorp

THE debate on whether New Zealand should have or can support a plastics raw materials manufacturing industry continues to produce widely varying opinions.

The PINZ annual conference held recently in Nelson, provided a forum for opinions and concerns to be expressed. Representatives from Petrocorp and the Ministry of Energy were invited to attend.

It is obvious some industry sectors would support the establishment of such an industry here as a means of improving our balance of payments and as a means of reducing our present levels of imports of plastics raw materials.

But other sectors have

severe doubts as to whether such an industry would be viable, because of the relatively low total usage of any single plastics material here and the apparent lack of any readily available export market for surplus requirements.

Natural gas, from the Maui and Kapuni fields contains significant amounts of ethane but as yet it is not utilised.

Petrocorp has put forward proposals to establish an ethane "cracking" plant to produce ethylene, from which an important plastics feedstock, polyethylene can be manufactured.

The corporation has assessed the minimum size of a polyethylene plant at 70,000

tonnes a year, but states that greater economies can be achieved with a plant twice that size.

Studies conducted to date have indicated that there is sufficient quantities of ethane gas available to produce a larger plant. Ethane availability is tied to the rate of gas usage. It is present as one of the constituents of natural gas. There is uncertainty just how much natural gas will be available for ethane "cracking", should plans for the polyethylene plant be approved.

The Government's scheduling of other petrochemical projects based on natural gas, variations in electricity demand (therefore

gas usage in power plants) and the uncertainty of future industrial and domestic gas demand, all have a bearing on availability.

But Petrocorp figures indicate ethane availability should initially be in the region of 100,000 to 140,000 tonnes a year, depending on gas stream use and plant configurations. Corresponding ethylene availability is estimated at 80 per cent or 80,000 to 112,000 tonnes.

It appears that polyethylene production is the best choice for a manufacturing plant. Other ethylene products, like ethanol, are possible but production adds little to the value of the ethylene feedstock.

Polyethylene gives added value, and according to Petrocorp could be produced locally below current world prices. A decision to proceed with a polyethylene industry would obviously depend on an assessment of the project's capability to export surplus product.

Raw material suppliers are quick to point out that polyethylene use here is currently about 25,000 tonnes a year. This means, they say, that export markets for more than 80 per cent of a larger plant's production would have to be found. The economic viability of the project must stand or fall on its ability to market its product overseas at a competitive price.

According to Petrocorp, studies conducted so far indicate that although an industry will be heavily reliant on exports, it has extremely good prospects of being able to compete on international markets.

Export returns and substitution for polyethylene, currently being imported, could result in a net balance of payments benefit of more than \$150 million a year for a 140,000 tonne a year plant, according to Petrocorp.

As yet, nobody knows any market overseas that can take the bulk of local polyethylene production. Plastic people at the conference pressed varying opinions on the type of plant that the major markets have to be resolved by manufacturing plants. It is generally agreed that polyethylene plant is a "what you get is what you pay for" process should be used.

There are a number of competing processes still need investigation. Industry sources agree that polyethylene industry have to carefully maintain types of plants to ensure they meet a port demand, as well as needs of the domestic market.

Whatever else happens, plastics raw materials manufacturing plant in New Zealand is a long way through investigation. The variables in the plastics industry strengthen its line of communication with allied parties to meet development decisions. The best interest of the industry and our country.

## Toolmaker's move leaves industry short

THE plastics industry is experiencing major difficulties in recruiting and training toolmakers, technicians and tradesmen.

The toolmaking trade is the worst affected, and the situation is being made more critical by the continuing loss of toolmakers to technical, supervisory and management positions within the industry.

A recent survey by the technical training committee of PINZ confirmed the situation. The survey, started in October 1979, has involved more than 27 companies representing a cross-section of the industry. The objectives of the survey were to determine:

- What groups of people are currently receiving industry training;
- Recruitment sources and recruitment difficulties;
- Industry training needs as defined by company managers and supervisors.

Armed with the results of the survey, the committee plans to make representations to the Trades Certification Authority to have current toolmaking syllabus in technical institutes revised to include content specific to the needs of the industry.

Appropriate plastics content is small, although more

than half of the toolmaking country are now involved with plastics.

The committee will be undertaking a study of the whole scene and will prepare on training and recruitment toolmaking approach. It will seek industry assistance to provide information for a report to the PINZ executive.

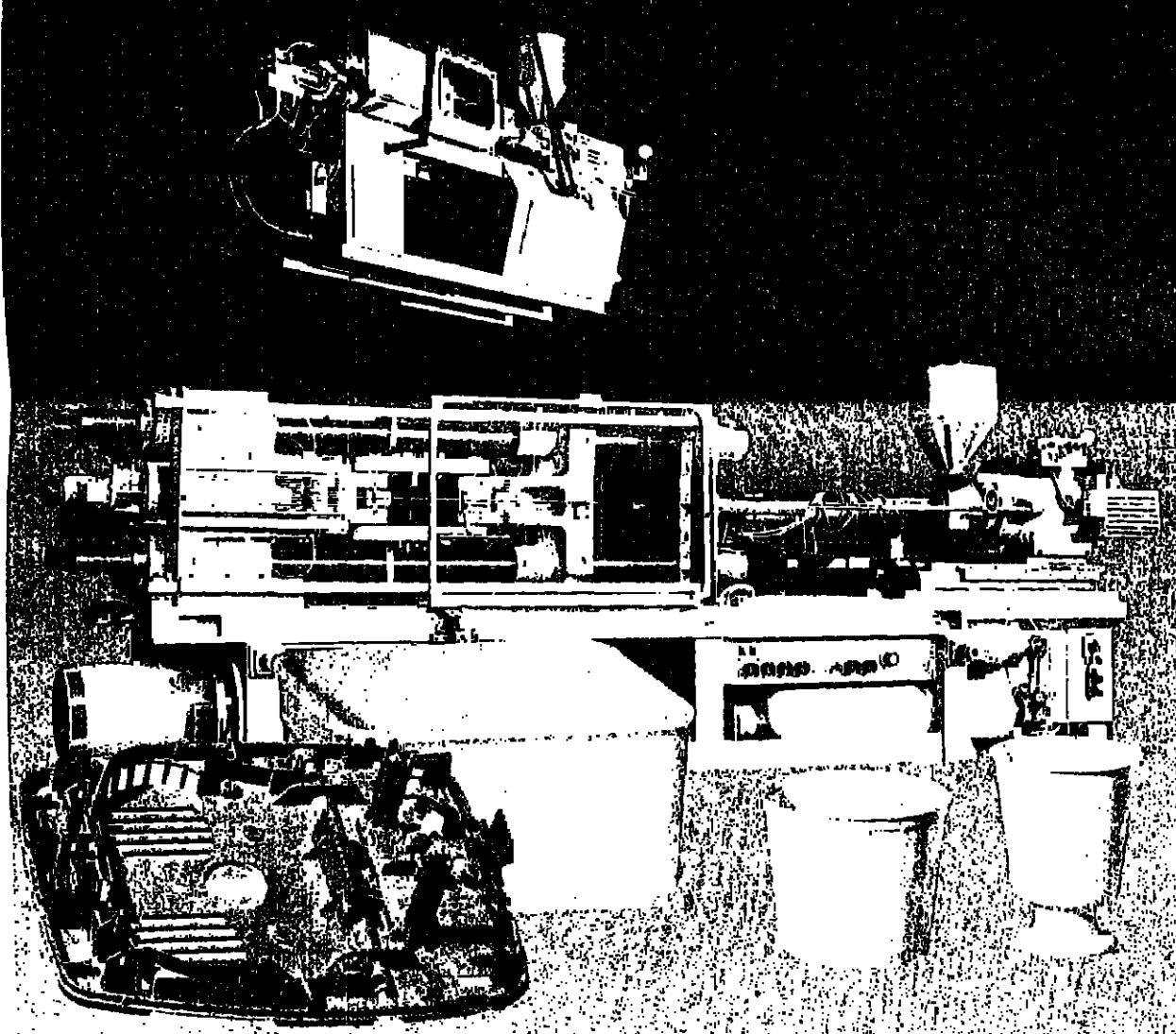
The training committee said that it is not the best training is done workplace but should be undertaken as a formal study. It appears a major effort is required to set up a formal training programme and to be prepared to staff to attend relevant courses.

There appeared to be an immediate need for courses leading to recognised qualifications. Few exist at present and it is likely that this will be a thrust of training activity in coming months.



"If the world is getting smaller, why do we keep raising the postal rates?"

## Fast, economical, reasonably priced: NETSTAL



### Fast

You've got to be able to afford a NETSTAL injection moulder because you can't afford to be without one. If you want to mould faster, for example, because your profit margins are getting smaller and smaller. Every NETSTAL has been designed for continuous, fast-cycling operation—demonstrated by short injection times; fast mould opening and closing and hydraulic ejection.

### Economical

The pressure-accumulator which has been a proven feature of NETSTAL's hydraulic systems for many years, is now more topical than ever since it helps to save energy. A NETSTAL machine can manage with 20% less installed power than a similar machine without pressure-accumulator. The drive need not, therefore, be designed for maximum capacities. High-power consumption during injection, closing and opening is covered by the accumulator. The hydraulic circuit is therefore largely protected from pressure peaks, and supply lines as well as valves are treated with care.

### Reasonably priced

Our customers have long realised that the "expensive" NETSTAL machines are, in fact, among the cheapest. And this realisation concerns not only the high performance and low maintenance costs, but also the fact that they are often the only machines in the production of industrial mouldings. Those who include NETSTAL in their calculations will soon find out that their cost-per-part calculations can be greatly influenced to their advantage.

NETSTAL-MACHINERY LTD.  
CH-8752 Nafels/Switzerland  
Tel. 058 36 11 61; Telex 7 88 03

TASMAN Machinery & Services Ltd.  
707 Mt. Albert Road, Auckland  
Tel. 886 134; Telex 41082

the all-embracing answer

## Port completion leads to over-investment

by Bob Stott

CONSTANT pressure from harbour boards to be allowed to develop their own ports is frustrating improved transport efficiency.

Competition among ports has led to an over-investment in port facilities, a problem which remains unresolved in spite of the work done by the Ports Authority.

New Zealand currently has 19 ports — one port for every 158,000 people.

Two of them are not ports in the conventional sense. They are offshore loading points for non-ferrous metals at Waverley and Taharoa.

And neither Opua nor Greymouth had a single ship call last year.

But all the ports spend money, and the money comes from users.

The Ports Authority, founded in 1968 by Act of Parliament, has done a good job in bringing a degree of rationalisation into port planning. Overall, authority decisions have been soundly based.

In the Bay of Plenty, the port of Mt Maunganui was refused permission to build a container crane. On appeal it won permission for a "multi-purpose crane" which has similar capabilities to a container crane.

That crane till now, has proved to be something of a white elephant and apparently was built before it was needed. And that should concern the exporters and importers who pay for the crane through harbour board charges.

The authority approved the Lyttelton container terminal, but in an air charged with political considerations, it is doubtful the authority and its advisors, if left to their own devices, would have reached that decision.

Again, the terminal was built before it was needed.

Lyttelton and Tauranga fought hard for these installations because local interests sincerely believed that it was in the interest of their own communities that their ports be equipped to compete for traffic in the container age. No doubt they acted in good faith, with the interests of the people who elected them very much to the fore.

But from a national point of view, is it any way to help hold the cost of transporting exports to market?

The Ports Authority must approve capital expenditure for harbour boards above a certain margin (the margin is higher for bigger boards).

But sometimes boards find they can do things within those limits which the authority might frown on.

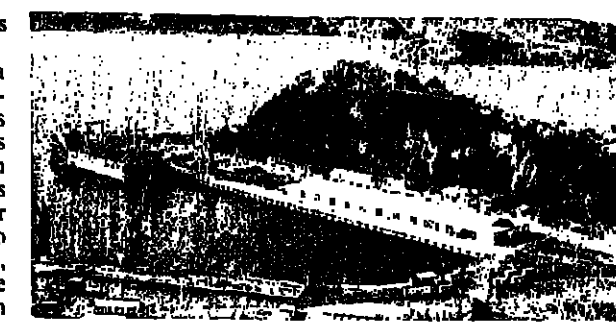
The wharf at Opua in the Bay of Islands was recently rebuilt at a cost just under the Northland board's expenditure limit. That board can perhaps claim it was obliged to do up the wharf because one of the conditions under which it took over the Bay of Islands port was that facilities be kept in good order.

Less than \$300,000 was involved, but it is another cost to be imposed on users of Northland ports.

In Wanganui, (not among the total of 19 ports), the locals still help shoulder the cost of port development. A dredging programme has been undertaken — and a good deal of the work done has been wiped out by bad weather. At a time when resources are scarce, should anyone be spending money digging dirt out of the Wanganui River bar?

Auckland and Wellington ports have problems, but their viability or desirability can hardly be questioned.

Gisborne, a bit dead for a long time, might have a po-



Port Chalmers... an efficient container port

tential with forestry development.

Napier, Timaru and Bluff are efficient small ports which have carved out distinctive roles and are playing their well enough.

Taranaki has some sort of future with the development of natural gas and so on, but just what facilities will be needed is anyone's guess.

Dunedin's Port Chalmers remains an efficient container

January 1977 to the end of 1979.

These costs are met by the shipping lines and in the end are reflected in freight rates (or alternatively, if the users won't meet the costs, the long-term result is a deterioration in the level of service which the lines can offer).

Is the reason for these increases simply that each port is vying with its competitors to produce more lavish facilities? In difficult financial times it is the simple way out to increase charges knowing that the lines must use the ports?

Or do we have too many ports? Wellington obviously had to buy new and powerful tugs to cope with the big container ships, but the tugs will be used for only an hour or so each time a ship calls. A port might have only three calls a week, but its tugs could handle three calls a day.

The same no doubt applies

to other equipment. And in spite of the efforts of the Ports Authority, we still have too many ports and too much duplication of effort.

While the Ports Authority is doing all it can to evolve an efficient nation-wide system of port development, the next move in holding costs must come from the local level.

Harbour boards should do more to explain the consequences of proposals to users and the public. If a board wants to expand, it should clearly state the total cost of its proposal, the annual cost, and the consequence for fees on port users.

People who use ports should take more interest in what's going on — not the shipping lines, but exporters and importers. The lines, in effect, act as their agents, for it is the users themselves who ultimately meet the cost of port development.

## Do you succeed or fail as a manager?

If you have reached the point where you must ask yourself the question, "Do I succeed or fail as a manager?" then you need a guide to help you. Why Managers Fail... And What To Do About It, by John J. McCarthy, is a management guide with a very real difference. There are countless books containing "how to be successful" tips... this is the first serious management guide to approach the subject from the other end, the first to pinpoint the weak links in managerial approaches by looking at mistakes other managers have made.

For a measure of your success as a manager as well as a taste of what Why Managers Fail... And What To Do About It has to offer, spend a few minutes answering questions from the self-test that appears in John J. McCarthy's provocative and stimulating book...

- |  |                            |  |                            |
|--|----------------------------|--|----------------------------|
| 1. When you are considering a candidate for employment, do you interview him for:                    | A <input type="checkbox"/> | 8. Do you follow the Golden Rule? Or:  | A <input type="checkbox"/> |
| A. 20 minutes.   | A <input type="checkbox"/> | B. Do you try to find out what your people want?   | B <input type="checkbox"/> |
| B. Two or more hours.  | B <input type="checkbox"/> |  |                            |
| C. One hour.   | C <input type="checkbox"/> |  |                            |
| 2. How many people do you have interview each applicant?   | A <input type="checkbox"/> | 9. A. Do you have a profile on each employee, including such items as his hobbies, family, personal goals, prejudices, likes, birthday and so forth? | A <input type="checkbox"/> |
| A. One person.   | A <input type="checkbox"/> | B. Do you keep it up-to-date?  | B <input type="checkbox"/> |
| B. Two persons.  | B <input type="checkbox"/> |  |                            |
| C. Three or more persons.  | C <input type="checkbox"/> |  |                            |
| 3. Tick any of the following that typify your managing methods:                                      | A <input type="checkbox"/> | 10. A. Do you think of each employee as he used to be when he joined you?  | A <input type="checkbox"/> |
| A. Do you consider only requirements of the position for which the applicant is being hired?         | A <input type="checkbox"/> | B. Do you keep informed on his growth and see and treat him as he is now?  | B <input type="checkbox"/> |
| B. Do you consider requirements of the next job to which he can aspire?                              | B <input type="checkbox"/> |  |                            |
| C. Do you consider him for positions you must eventually fill to meet growing plans of your company? | C <input type="checkbox"/> | 11. A. Do you lose interest in assignments after they are launched because you hate details?   | A <input type="checkbox"/> |
| D. Do you consider him as the eventual manager?  | D <input type="checkbox"/> | B. Do you set up management by exception targets so you'll be flagged promptly when things first start to go wrong?                                  | B <input type="checkbox"/> |
|  |                            |  |                            |
| 4. Do you refuse to hire people who:   | A <input type="checkbox"/> |  |                            |
| A. Are below the line?   | A <input type="checkbox"/> |  |                            |
| B. Look like someone you knew and didn't like.   | B <input type="checkbox"/> |  |                            |
| C. Smoke cigars or pipes.  | C <input type="checkbox"/> |  |                            |
| 5. A. Have you read a book on interviewing techniques?   | A <input type="checkbox"/> |  |                            |
| B. Taken a course in interviewing?   | B <input type="checkbox"/> |  |                            |
| 6. A. Do you find out why he really left his last job?   | A <input type="checkbox"/> |  |                            |
| B. Do you check references?  | B <input type="checkbox"/> |  |                            |
| C. Do you hire on the basis of where he ranked in his college class?                                 | C <input type="checkbox"/> |  |                            |
| D. If he is over 30, do you hire him on the basis of his educational background?                     | D <input type="checkbox"/> |  |                            |
| E. Do you challenge judgments of interviewers (get reasons for their opinions)?                      | E <input type="checkbox"/> |  |                            |
| 7. Select the answer which most closely describes you:   | A <input type="checkbox"/> |  |                            |
| A. Do you try to be one of the boys (with your employees)? Or  | A <input type="checkbox"/> |  |                            |
| B. Do you really follow a policy of being firm but fair?   | B <input type="checkbox"/> |  |                            |

John J. McCarthy's Why Managers Fail self-test asks another 60 probing questions — and then rates your success as a manager. But, of course, the book does far more than this. Its principal purpose is to alert managers to the danger signals in their approach to people. John J. McCarthy, writing from 50 years experience in the diverse fields of manufacturing, personnel management and industrial engineering, pinpoints common mistakes in the way managers see their jobs and their staff, in the way they handle themselves and subordinates, and in the way they meet their responsibilities for planning, organising, and measuring results. This important new management book is available only through the Fourth Estate Group. Fill in and post the coupon below.

To: Fourth Estate Group, P.O. Box 8344, Wellington  
Please send me Why Managers Fail... And What To Do About It by John J. McCarthy.

☐ I/We enclose \$14.00 (plus 50 cents postage/packing)  
☐ Please charge the credit card indicated below.

NAME (Please print) \_\_\_\_\_

ADDRESS \_\_\_\_\_

Diners Club Card No. \_\_\_\_\_

American Express Card No. \_\_\_\_\_

Visa Card No. \_\_\_\_\_

Expire Date \_\_\_\_\_

KN WMFI

